



CHEMONICS INTERNATIONAL INC.

GENERAL BUSINESS TRADE AND INVESTMENT (GBTI)
INDEFINITE QUANTITY CONTRACT

Contract No. PCE-I-00-98-00015-00

Quarterly Performance Report
October 1 – December 31, 2002

Submitted to:
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U.S. Agency for International Development
Washington, D.C.

Submitted by:
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in collaboration with

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January 31, 2003

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Chemonics Consortium
Quarterly Performance Monitoring Report
October - December 2002

General Business Trade and Investment
Indefinite Quantity Contract (IQC)
PCE-I-00-98-00015-00

I. Task Orders: Progress, Activities, Results

A. Support to Presidents' Council, TO #804

Start Date: February 6, 2001

Completion Date: February 28, 2003

Amount of Delivery Order: \$952,436.00

A. Summary

During the reporting period October through December 2002, the US-Egypt Business Councils' activities increased. The increase in activity was due mostly to the reorganization of the Business Council over the summer, with 26 new and returning US and Egyptian members appointed to the Council, and a resulting renewed interest in strengthening the bilateral economic relationship at both the private sector and government-to-government levels.

The Business Council's activities during this period revolved around a series of meetings held in early October in Washington, DC. The meetings were with top-level government officials, including US Vice President Richard Cheney, US Secretary of Commerce Donald Evans, Egyptian Minister of Foreign Trade Youssef Boutros-Ghali, and United States Trade Representative Robert B. Zoellick.

Members of the Business Council also participated in a meeting of the US-Egypt Trade and Investment Framework Agreement (TIFA) Council, a joint body created by the US-Egypt TIFA. Egyptian Minister of Foreign Trade Youssef Boutros-Ghali and United States Trade Representative Robert B. Zoellick also participated in the meeting.

In addition, members of the Business Council participated in a number of related events organized by the Kenan Institute, the Georgetown University Forum on US-Egyptian Relations, and Egyptian Ambassador to the US Nabil Fahmy.

The secretariat, consisting of US-based Communications/Public Relations Specialist Heidi Dodd, Cairo-based Technology Industry/Communications Specialist Fariba Khorasanizadeh, and Trade and Investment Specialist Lindsey Wellons, was actively involved during this three-month period in a number of preparation and follow-up activities related to the Council's meetings. The secretariat's activities were in line with the task order's scope to provide technical and logistical assistance to the Business Council to further the Council's objectives, and complement USAID's strategic objective to increase trade and investment.

During this reporting period, Support to the US-Egypt Business Council activity was scheduled to end December 31, 2002. The contract is currently being extended through February 28, 2003, at no additional cost.

B. Tasks Completed During the Reporting Period

B1. Business Council Web Site

The Council's web site (located at www.us-egypt.org) continued to provide timely news, economic data, and other information related to doing business in Egypt. Ms. Dodd updated the site regularly, adding a section for press releases and member company news. In December Ms. Dodd implemented a less labor intensive news feature on the home page, with assistance from the Web Site Developer.

Based on WebTrends reports, the site attracted around 5,770 unique visitors (total hits equaled 12,896) during the three-month reporting period.

In-line with the Council's mission statement, the web site is a tool to strengthen the economic, commercial, and technological partnership between Egypt and the US. The goal is to make it the site of choice for objective, relevant, and timely information on the Egyptian economy, business environment, and recent developments. It does not present fresh content, but rather organizes relevant information from other sources in a value-added, user-friendly format for the business/investment community.

B2. Trade and Investment and Information and Communications Technology Dashboards

The *Trade and Investment Dashboard* was not updated during this reporting period due to a limitation on Mr. Wellons' level of effort. The pending contract modification will add additional level of effort to Mr. Wellon's scope of work.

The *Information and Communications Technology Dashboard* was updated in December 2002 by Fariba Khorasanizadeh. To reach the largest audience possible, information from the *Dashboard* was put on the Council's web site.

B3. Assistance to Commerce Department Regarding Council Membership

The secretariat assisted the Department of Commerce with preparations for the Business Council meeting with Vice President Cheney held on October 2, 2002, as well as preparations for the meeting with Secretary Evans and Minister Boutros-Ghali on October 4, 2002. Secretariat staff participated in the following assistance activities:

- Worked with representatives from the Department of Commerce on an agenda for the meeting, provided security clearance related information as needed, and exchanged information related to last minute changes and/or developments.
- Ms Dodd made arrangements for a debriefing by representatives from the US State and Commerce Departments for the US members of the Council. The debriefing was held just prior to the meeting with the Secretary Evans and Minister Boutros-Ghali on October 4, 2002.

- Ms. Dodd arranged for a follow-up meeting at the Department of Commerce for the Business Council to discuss next steps after their meeting with Secretary Evans and Minister Boutros-Ghali

B4. Preparations for Business Council Meetings in Washington, DC

In October, the secretariat was actively involved in preparations for the Business Council meetings in Washington, DC, including:

- Preparing documents, such as talking points, for the US Business Council co-chair Steve Farris
- Preparing agendas for all meetings
- Finalizing and printing a comprehensive information packet for Business Council members. The packet included: contact information for both US and Egyptian Council members; biographies of Council members; contact information for the secretariat staff and a brief description of the secretariat services; the Council's terms of reference; a directory of contacts within the US and Egyptian governments with detailed contact information; the TIFA press release; and copies of updated dashboards. This packet was distributed to all members prior to the meeting with Vice President Cheney on October 3, 2002
- Coordinating logistics and sharing information with relevant US and Egyptian government representatives
- Coordinating with other organizations sponsoring events during the week of meetings

The secretariat also attended all meetings and events, except for the US-Egypt TIFA Council meeting, in which the secretariat was not allowed to attend.

At US Council co-chair Steve Farris' request, Mr. Wellons prepared introductory notes and talking points for the Business Council's meetings with Vice President Cheney, Secretary Evans and Minister Boutros-Ghali.

Finally, the secretariat worked to keep the Council members informed of the meeting schedule and last minute changes and developments. The secretariat also maintained a list of attendees to each meeting to ensure that members would be notified of last minute changes.

B5. Follow-up Activities Related to the Business Council Meetings

The secretariat performed a variety of follow up activities related to the Business Council meetings held in Washington, DC in October, 2002:

- The secretariat provided members of the Business Council with detailed notes of all meetings (with the exception of the TIFA Council, which the secretariat was not allowed to attend).
- Ms. Dodd drafted and circulated a press release "US-Egypt Business Council supports a Free Trade Agreement" as requested by the members.
- The secretariat compiled a Trip Report with meeting notes, agenda, press releases, and other documents related to the meetings.
- Mr. Wellons provided assistance to the Business Council's FTA Roadmap Working Group in the preparation of a draft roadmap working document.

- Mr. Wellons prepared a number of background FTA documents - both general and specific to Egypt - for distribution to the US members, as requested by US Council co-chair Steve Farris. These documents were circulated to the US members of the Council in late October 2002.
- Ms. Dodd organized a conference call on October 23, 2002, for the US members of the Council to discuss follow-up steps to the Council's meetings.

B6. Assist with January 2003 Business Council Meeting preparations

The secretariat performed many preparatory activities related to the Business Council meeting to be held in Cairo, Egypt in January 2003. Ms. Dodd coordinated logistical arrangements with the US members of the Council, while Ms. Khorasanizadeh handled preparations in Cairo, Egypt. Specific tasks included:

- Ms. Dodd coordinated a conference call for the US members in early December to discuss the January 2003 trip, the preferred meeting dates, agenda suggestions and related goals and objectives.
- Ms. Dodd surveyed the US members to see which meeting dates were most preferable.
- Ms. Khorasanizadeh made initial arrangements with the Four Seasons Hotel (this hotel was requested by US co-chair Steve Farris) regarding accommodations and meeting rooms. She also made arrangements with car rental agencies.
- Ms. Dodd began coordinating the agenda with US Council co-chair Steve Farris, Egyptian Council co-chair Galal el Zorba (via Jackie Ibrahim) and Jim Martin at the US Embassy in Cairo.
- Ms. Dodd kept the US members apprised of logical arrangements in Cairo (e.g., hotel accommodation, transportation) and developments related to the agenda.
- Ms. Dodd coordinated with US Council member Rae Ann Dougherty regarding the pre-meeting for US members on Saturday, January 18 to be held in Cairo.
- Ms. Khorasanizadeh maintained contact with Jim Martin and Galal el Zorba (via Jackie Ibrahim) regarding the agenda and concerning in-country preparations.

B7. TIFA and FTA Activities

During the reporting period, the Business Council was relatively active in terms of its TIFA and FTA related activities. US Council co-chair Steve Farris suggested that the US members send letters to select US government officials expressing their support for a US-Egypt FTA. The government officials included Vice President Cheney, Secretary Evans, then Secretary of Treasury Paul O'Neil, and USTR Zoellick. Mr. Farris directed Ms. Dodd to provide draft letters for the members, who were asked to add some individualized details related to their company's investments/activities in Egypt before sending the letters. Ms. Dodd monitored the member's response to Mr. Farris' request, which was mixed.

Mr. Wellons provided a number of background documents for the US members to educate themselves on the components of an FTA, experiences the US has had with other countries during FTA negotiations, useful contacts, etc.

Mr. Wellons was also involved in facilitating/assisting the Business Council's FTA Roadmap Working Group, which was created during the follow-up meeting in October. He worked with members of this working group (which consists of both US and Egyptian members) to

develop a draft roadmap, which was circulated to all Business Council members for comment at the end of December. A final draft of the roadmap is expected to be approved in January in Cairo.

Ms. Dodd monitored developments related to the TIFA and possible FTA, including progress made by the government to government working groups created during the TIFA meeting in October, via contact with representatives of the US and Egyptian governments. Ms. Dodd also met with Mohamed Dawood from the Embassy of Egypt's Commercial and Economic Affairs Office in Washington, DC, to discuss recent TIFA and TFA related developments.

B8. Non-specific support activities

Conference Calls. Ms. Dodd coordinated two conference calls for US members of the Business Council during the period under review. One conference call was on October 23, 2002, for the US Council members to discuss the FTA initiative and follow-up steps to the Council's meetings held in early October. Another conference call was organized on December 13, 2002, for the US Council members to discuss the Council's trip to Cairo, Egypt in January 2003, the status of the FTA initiative, and other outstanding issues. Notes from both calls were distributed to the members and other call participants (e.g. US government representatives).

General Support to the US Chairman. Ms. Dodd maintained regular contact, by e-mail and telephone, with US Council co-chair Steve Farris to discuss follow-up activities related to the meetings in October, the trip to Cairo in January, FTA developments and activities, and other issues.

Other reports. Ms. Khorasanizadeh prepared a report on USAID activities in Egypt.

B9. Linkages to Associations/Outreach

The secretariat did not actively pursue an outreach campaign to organizations and/or associations during this period.

C. Tasks Scheduled for Completion

Tasks scheduled for completion during the next period, January-February 2003, are as follows. Per USAID, tasks scheduled for completion during the next period, January-February 2002, are to relate only to providing support before, during, and immediately after the Business Council meetings in Cairo, from January 18-23, 2003. The task order covering the secretariat's work, originally set to expire December 31, 2002, is in the process of being extended, with no additional costs, until February 28, 2003.

C1. Task 1 – Prepare and Disseminate Analysis and Presentation Materials

The scope of Task 1 is to conduct necessary research and analysis into key issues affecting trade and investment in Egypt, including the regular preparation of updated dashboards, i.e., charts and graphs on key economic indicators, and regular advisory services to US Council

members on issues identified by the advisors and the members. The activities within Task 1 expected to be undertaken from January 2003 through February 2003 relate to providing support before, during, and immediately after the Business Council meetings in Cairo, January 18-23, 2003, as requested by USAID.

Task 1a -- Update Trade and Investment Dashboard. The Trade and Investment Dashboard will be updated prior to the Business Council meetings in January 2003 by the Trade and Investment Specialist, Lindsey Wellons.

Task 1b -- Update Information Technology Dashboard. The Information Technology Dashboard will be updated prior to the Business Council meetings in January 2003 if deemed necessary by the Cairo-based Technology Industry/Communications Specialist, ("Cairo TI/Communications Specialist") Fariba Khorasanizadeh.

Task 1c -- Daily Capital Markets Update. The "Egypt Capital Markets Daily" news summary produced by the USAID/Egypt Capital Markets Development Project will be e-mailed to US Council members at their request and posted on the Council's web site on a regular basis by the US based Communications/Public Relations Specialist, ("US Comm/PR Specialist") Heidi Dodd.

Task 1d -- Establish and Maintain Information Files. The US Comm/PR Specialist and Cairo TI/Communications Specialist will compile relevant information, including news articles, and maintain a library of information on events and developments related to the Council's activities. If possible, this information will be made available on the Council's web site.

Task 1e -- Produce Trip Report. The secretariat will produce a trip report following the Business Council meetings in January 2003 in Cairo. The report will compile all documents generated during the visit, such as trip and meeting agendas, minutes of meetings, dashboards, other preparatory materials, and press coverage, if any.

Task 1f -- Produce Other Reports. Mr. Wellons will assist the FTA Roadmap Working Group in presenting and finalizing its draft roadmap document. As requested by the FTA Roadmap Working Group, Mr. Wellons will also prepare/distribute a list of "milestones from the Egyptian perspective" while in Cairo. Other reports and/or research may be produced during this period should Council-based activities warrant such reports, or if requested by members of the Council.

C2. Task 2 – Provide Logistical and Administrative Support

The scope of Task 2 is to organize and handle all logistical, administrative, and communication aspects that support the US Council's activities and objectives. This includes preparing agendas and accompanying US Council members during visits to Egypt, assisting with Egyptian Council visits to the US, and facilitating communications among Council members to ensure regular dialogue about key issues. The activities within Task 2 expected to be undertaken from January through February 2003 relate to providing support before, during, and immediately after the Business Council meetings. In Cairo, January 18-23, 2003, as requested by USAID.

Task 2a -- Assist US Members in Preparation of Visit. The Secretariat will assist the US Council in the preparation of the visit to Cairo by arranging meetings, making travel arrangements if necessary, and handling all associated logistical details. Specifically, the

secretariat will:

- *Task 2a1-- Assist in preparing the agenda and overall framework for the visit.* The secretariat will work in coordination with the US members of the Business Council to prepare an agenda of discussion items for the meetings in Egypt.
- *Task 2a2 -- Handle logistical arrangements.* Ms. Dodd and Ms. Khorasanizadeh will handle all logistical arrangements associated with the visit. These include pre-departure and arrival briefings, travel arrangements to Egypt, transportation in Egypt, lodging, and in-country event coordination.
- *Task 2a3 -- Prepare information packet for council members.* Ms. Dodd will prepare an information packet with information on lodging, transportation, travel requirements, scheduled events and meetings, biographies of key government officials with whom they are scheduled to meet, up-to-date dashboards, and information on relevant current events in Egypt.
- *Task 2a4 -- Finalize agenda for the visit.* The secretariat will work in coordination with members of the Business Council, and representatives of the US and Egyptian governments to finalize the agenda for the meetings in Egypt.
- *Task 2a5 -- Organize meetings with US Government representative.* Ms. Dodd will arrange a conference call for US members of the Council with US government representatives in Washington, DC prior to the visit to Egypt. She will also organize a briefing for the US members by US government representatives in Egypt (e.g. Ambassador Welch and his staff, and USAID). The purpose of these briefings will be to update US Council members on the current political and economic environment in Egypt.
- *Task 2a6 -- Organize meetings with Egyptian Government officials.* The Egyptian members will arrange the Business Council's meeting schedule with Egyptian government officials in Cairo, with input from Ms. Dodd related to US member preferences and suggestions. Ms. Khorasanizadeh will be available, upon request, to provide support in terms of arranging meeting rooms and any related food and beverage requirements.
- *Task 2a7 -- Organize meetings with the Egyptian Council counterparts.* The Egyptian members will arrange joint Business Council meetings in Cairo, with input from Ms. Dodd related to US member preferences and suggestions. Ms. Khorasanizadeh will be available, upon request, to provide support in terms of arranging meeting rooms and any related food and beverage requirements.
- *Task 2a8 -- Organize meetings with US and Egyptian business communities.* The Egyptian members will arrange any meetings with the US and Egyptian business communities in Cairo, with input from Ms. Dodd related to US member preferences and suggestions. Ms. Khorasanizadeh will be available, upon request, to provide support in terms of arranging meeting rooms and any related food and beverage requirements.
- *Task 2a9 -- Write press releases and meet with press.* If requested by the US Council co-chair, Steve Farris, Ms. Dodd will write a press release prior to the visit which will be distributed to select media organizations by Ms. Khorasanizadeh.
- *Task 2a10 -- Arrange a press conference.* If requested by the US and/or Egyptian Council members, Ms. Dodd will organize a press conference at the conclusion of the US Council's visit to Egypt. Select members of the print, television, and radio media will be invited to attend the event.

Task 2b -- Facilitate communications between Council members. Ms. Dodd will organize

conference calls and other communications between Council members as requested by the US Council co-chair. Ms. Khorasanizadeh will assist with communications involving the Egyptian members.

C3. Task 3 – Provide Outreach Services

The overall scope of Task 3 is to disseminate information on the Council's activities to the business community, media, and US and Egyptian government agencies. Below is a description of Task 3 subtasks and activities expected to be undertaken from January through February 2003.

Task 3a -- Maintain Business Council website. Ms. Dodd will update and maintain the web site to ensure that it is an effective tool for disseminating information to Council members and stakeholders, communicating the work of the Council to the public and providing information on investment opportunities in Egypt to the business community. Ms. Dodd will meet with the Council's web site working group while in Cairo to identify possible future improvements and/or changes to the site.

Task 3b -- Establish media linkages to disseminate Council information. No activity is expected, except that related to providing the press with information related to the Business Council's meetings in Cairo.

C4. Task 4 – Transition to a Member-Supported Organization

The overall scope of Task 4 is to assist the Council in its transition from a donor-supported association to a private sector-supported organization that will continue in a sustainable manner to reach out to Egyptian government officials on key issues affecting economic reform. The USAID technical officer requested that no activities related to a transition to a member-supported organization be undertaken from January through February 2003.

C5. Task 5 – Reporting

Task 5a -- Final report to USAID. Under the direction of Ms. Dodd, Chemonics will prepare a final report detailing the activities of the contractor and the Council to USAID. This report will be submitted to the Technical Officer, Mr. Gary Robbins, in Egypt.

Task 5b – Final report to the General Business Trade and Investment (GBTI) Umbrella Contract. Under the direction of Ms. Dodd, Chemonics will prepare a final report detailing this task order's activities. The final report will be submitted in accordance with the General Business Trade and Investment (GBTI) contract requirements.

Task 5c -- Work planning. No subsequent work plans are expected for this period.

D. Financial Data for Delivery Order

The figures below cover the period from October to December, 2002:

- Labor: \$85,925

- Other Direct Costs: \$2,018 (including G&A)
- Total: \$89,456

B. Macedonian Business Resource Center, TO #03

Start Date: January 1, 2001

Completion Date: May 31, 2003

Amount of Delivery Order: \$1,905,944.00

Introduction

MBRC Transition Activities

As previously reported, the MBRC has established and legally registered spin-off entities for its long-term self-sustainability. There are currently three new spin-off entities, two for-profit consulting companies and one not-for-profit association/NGO.

The MBRC Chief of Party Michael Gold and Crimson Capital continue to provide support and input on an ongoing basis for the further development of these entities as independently sustainable legacy organizations to the MBRC.

In this reporting period the entities were focused and actively involved in further building their self-sustainability. In that regard, the COP brought in Dr. Sharon Freeman, one of the United States' leading small business and export development experts, for a short-term advisory. She has worked in over 100 countries, and has served in the US Diplomatic service in Hong Kong as an advisor to the Secretary of Commerce and as a US Trade Representative on Trade Policy matters affecting small and minority businesses. She also serves as a private sector advisor to the State Department.

Dr. Freeman began her international consulting career over two decades ago and holds B.A. and MSc. degrees from Carnegie-Mellon and a Ph.D. in Applied Management and Decision Sciences from Walden University.

During her assignment, Dr. Freeman assessed what activities the MBRC has performed to date and which of those, as well as possible new ones, would be potentially viable for the future. She also assisted the MBRC in identifying potential future funding sources, and in defining approaches towards these sources.

Based on an assessment of the environment and working closely with the MBRC professionals and the COP, Dr. Freeman developed an initiative entitled *MEAC—the Macedonia Export Assistance Center*, which can leverage the success and regional contacts of the MBRC and take this to a new level of trade, export and investment development and promotion. MEAC will combine the experience and expertise of the MBRC with international best practice in providing a broad range of export and trade assistance services to Macedonian firms and clusters. The

indicative activities outlined in the proposal were selected both on the basis of presumed Macedonia demand as well as in consideration of what is already available “off the shelf” from other countries that MEAC could leverage, at very little cost, to provide needed export promotion services. The proposal provides three tiers of services, gradually introducing payment for services, and will support greater export in order to increase revenues and profits, employment, and competitiveness. The proposal will be submitted to USAID in January for review. MEAC could be staffed by a handful of professionals from the MBRC, with moderate expatriate support for mentoring, and be administered either as a stand-alone activity through one of the MBRC spin-off entities, or in conjunction with another program such as the Macedonia Competitiveness Activity.

During this reporting period the MBRC also met with potential donor organizations and funding agencies and started developing specific project ideas for proposals.

The spin-off MBRC Consulting is in a process of finalizing a consulting contract with the Macedonia Competitiveness Activity, the new USAID project on competitiveness.

Business-To-Business Meetings

The MBRC in cooperation with the Serbian Chamber of Commerce and KBS - Kosovo, organized a B2B meeting on October 13, 2002 in Belgrade. This event was a follow up in the realization of the action plan done on the B2B meeting between the MBRC, KBS, FLAG and AATDA which took place in Skopje, Macedonia on September 12, 2002.

More than 350 companies from FR Yugoslavia, Macedonia, Kosovo, Bulgaria, Albania, Croatia and Slovenia participated in the B2B event. Media representatives from most of the TV, radio stations and newspaper in Serbia reported the event as an important step for the improvement of business throughout the region. All the participants welcomed the initiative, and asked for similar events to be organized in the future.

A follow up to this event took place on October 20, 2002 in Korce, Albania. A B2B meeting between Macedonian, Bulgarian, Kosovo, Albanian and Greek companies from different industry branches was organized in Korce during the Inter Korce Fair. 40 Macedonian companies visited the Inter Korce Fair. The purpose was to enable the companies’ representatives to meet each other and explore feasible business opportunities. The MBRC’s B2B specialist established excellent communication with the organizer of the Inter Korce Fair in Albania, who was very supportive of the initiative. The event was announced at the Press conference of the Fair and advertised during the Fair. The MBRC had a reception desk at the entrance of the Fair, which attracted great interest among the visitors.

Media representatives from most of the TV, radio stations and newspapers in Albania reported the event.

TRADE AND INVESTMENT

In this period, the MBRC successfully completed 43 trade deals with a total value of USD 5,873,451 and three major investment projects involving companies from the manufacturing industries (metal, beverages, and packaging) and service industries (trade and hotel), with a total value of USD 660,000.

Training

In this reporting period 9 training events were organized, 7 of which were held in Skopje, and two in companies located outside of Skopje.

Task Order Benchmarks

	Year	Task Order Requirement	Achieved
Trade	2001	\$15,000,000	\$24,548,378
	2002	\$18,000,000	\$12,244,317
	Expected by the end of project		\$3,972,000

Total:	\$33,000,000	\$40,764,695
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Investment

	2001	\$10,000,000	\$10,133,280
	2002	\$15,000,000	\$7,545,951
	Expected by the end of project		\$7,555,930

Total:	\$25,000,000	\$25,235,161
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B2B Activities

2002	6	12
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Training

2001 in Skopje	14	19
2001 out of Skopje	6	6
2001 total	20	25
2002 in Skopje	25	13
2002 out of Skopje	10	4
Planned by the end of project		18
2002 total	35	35

Work with women owned companies

2001	1	1
2002	1	1

Strategic partnerships with consulting companies / business associations

2001	5	5
2002	5	5

Part I: Reporting Period: October - December 2002

This part summarizes the MBRC activities for the reporting period.

Section I: Major Trade Accomplishments in Period**Protect M - Skopje - Nera Impeks- Kosovo**

Protect M from Skopje is a private company established in 1991 by Mr. Krliu, who is the company's general manager. The main activity of the company is trade with food products, hygienic items, and construction materials. Besides trading, the company manages one of the largest mills for flour production in Albania. In 2001 the general manager established a private company for production of polyethylene and polypropylene packaging.

Nera Impeks from Ferizaj, Kosovo is one of the biggest snack producers in Kosovo. Mr. Nexhat Hasani, the general manager of Nera Impeks, approached the MBRC seeking assistance in locating a company from Macedonia that can meet his company's needs for polyethylene bags.

Among the companies recommended by the MBRC, Mr. Nexhat Hasani decided to sign a contract with Protect M from Skopje because it had the most favorable price.

The third deal facilitated by the MBRC was signed between the representatives of both companies for delivery of 1,750,000 polyethylene bags in the total amount of USD 180,000.

L'Avenir, Debar - Konsum, Prishtina

Konsum from Prishtina is one of the largest construction companies in the Kosovo region. The company's general manager, Mr. Tahir Maloku, approached the MBRC trade department seeking assistance in locating a supplier of construction materials. Among the companies recommended by the MBRC, Mr. Maloku selected L'Avenir from Debar because of the price and quality offered. L'Avenir is a privately owned trading company dealing primarily with construction materials and equipment. The company was founded in 1996 by Mr. Hajderaga, and since then has developed into a professional and efficient company working in the field of construction. Its primary customers are the leading construction companies from Kosovo and Albania.

The eighth deal facilitated by the MBRC was signed between the representatives of both companies for delivery of 1,000,000 bricks and 500,000 roof tiles, in the total amount of USD 370,000.

BMSH Trade, Macedonia – Konzum, Pristina

BMSH Trade's main activity is trading with flour. The company participated at the MBRC B2B in

Belgrade in October 2002.

As a direct result of a meeting between BMSH Trade and Konzum, Pristina, facilitated by the MBRC, the agreement was signed between the two companies for delivery of 300 tons of flour.

The total value of the deal was USD 51,000.

Teal, Macedonia – BWM, Germany

Teal was founded in 1971 as a branch of Alumina, Skopje. Since 1985 it has been operating as an independent enterprise. In 1991 it became registered as a joint stock company, while in 1998 the process of complete transformation (privatization) was finally concluded.

TEAL approached the MBRC seeking assistance in locating alternative dies producers. The agreement signed between the two companies includes delivery of aluminum profiles.

The total value of the deal was USD 100,000.

Teal, Macedonia – Sartid, Serbia

As a result of continuously successful cooperation with the MBRC Trade department, TEAL approached the MBRC again looking for alternative supplier of aluminum waste material.

TEAL needed this in order to achieve a better price for extruded aluminum band. The agreement signed between the two companies includes delivery of 960 tons of extruded aluminum band per year.

The total value of the deal was USD 2,592,000.

Two Guys, Skopje - Gerber International, USA

Gerber International is large meat exporter from the US. The main headquarter office of the company is located in Atlanta, and it has several branch offices in South America, Europe and Asia. The company is exporting worldwide frozen meat, fish and poultry.

Gerber International contacted the MBRC seeking assistance in locating potential customers for frozen meat and poultry products. The MBRC contacted several Macedonian companies that showed an interest. During the visit in Macedonia the MBRC arranged meetings between Gerber International and several Macedonian companies. The company Two Guys was selected upon the best offer.

The total value of the deal was USD 478,400.

Pivara, Skopje - Spanish Army

As a result of the long lasting cooperation with the Spanish contingent of NATO in Macedonia, the MBRC was approached by the purchasing officer, Mr. Losada, seeking assistance in meeting with

the Skopje Brewery representative. As a result of the introduction and presentation delivered to the officials of the Spanish contingent concerning the quality and the standards applied in the production process at Skopje Brewery, the decision of the Spanish army officials was to procure Coca Cola and beer from the Brewery. The agreement signed was for monthly quantities of 80,000 cans of Coca Cola and 60,000 cans of beer in a value of USD 28,000.

Market Export, Skopje - Mas Tor Albania

During the visit to the Korca international fair in Albania organized by the MBRC and the Chamber of Commerce in Korca, the owner of Market Export met the owner of Mas Tor, a construction company which is undertaking larger construction projects. Their preliminary agreement was for Market Export to send window samples in accordance with the needs of Mas Tor. The samples were made and sent to Mas Tor.

Satisfied with the samples, Mas Tor made the first order of 2,200 windows with a value of USD 63,000.

Date Muli, Macedonia - Trans-USA

Date Muli is a 5-year-old trading company, and since its founding has concentrated on the home appliance business. Compared to other companies involved in the same branch, Date Muli imports goods exclusively from the United States, and sells them in Macedonia and especially in the Kosovo market in the last two years.

MBRC proposed several companies, but since Trans USA has also been a MBRC client, Date Muli chose to undertake its business activities with the already proven partner of the MBRC. One of the factors that influenced the decision of Date Muli is the good selling network of Trans USA in Macedonia and useful contacts in Kosovo.

The amount of the accorded trade deal was USD 140,000.

Alkaloid PC Botanicals, Skopje - Roza Hegyi, Hungary

ALKALOID (Profit Center) PC BOTANICALS is a part of the Alkaloid joint stock company founded in 1936. ALKALOID PC BOTANICALS has created more than seventy (70) various tea compositions combining a refined taste and an exquisite flavor. For collection of the herbal raw materials the company has organized network of purchase units around Macedonia. All products of the company distributed in the market are subject to a strict chemical and health care control. The successful co-operation with nature is also verified by an EKO (SKAL 4246-EU 2092) logo. The Alkaloid products are obtained from raw materials of organic origin, raw materials which grow in and are harvested from soil untreated with herbicides, pesticides, fertilizers and other artificial agents. The certificates to these effects are issued following an international audit conducted in accordance with the European Union directives. The quality of production process is additionally confirmed by another international standards - ISO 9001 and ISO – 14001.

The Hungarian trading company Rozsahengy LTD, that work with herbs and herbs dried products,

was looking for contact with the company that can supply dried herbs -eglantine. The MBRC trade team facilitated the first contact between Rozsahengy LTD and ALKALOID PC BOTANICALS

Alkaloid has offered suitable price and trading conditions and sent small quantities for testing. Rozsahengy LTD was satisfied both from the price and quality of the products and has asked for 60 tons to be delivered in three trucks (one per month).

The total amount of the deal was USD 59, 000

Total trade in the period: USD 5,873, 451

Section II: Major Investment Accomplishments in Period

DINAMO HIT

DINAMO HIT was established in 1997. It is a 100% private company, which currently has 40 employees. The company's main activities are: production of electrical household appliances and metal processing services. In its operations until now, the company was successful with its quality to satisfy customer demand and to maintain its market position. The company also employs impaired people. The number of impaired people is 40% of the total number of employees. Beside the humanitarian aspect, which is the socializing and active involvement of impaired people, for the company this brings certain economic benefits, such as the income tax acquittal.

The company has been considering introduction of new products and processes. One of these is the introduction of the enameling of metal sheets as the replacement for the polluting chemical treatment. This process also allows for introduction of a new product, enameled pipes for stoves, for which there is a demand, and the products currently offered are of low quality.

The company management approached the MBRC looking for assistance in the preparation of the investment proposal for the planned investment activity. With the MBRC assistance the company completed its first business plan. This business plan was used to evaluate the business idea for expansion and to look for financing. As a result of these activities, the management of DINAMO HIT was able to secure the necessary financing. The total value of the investment amounts to USD 100,000. About 20% of this amount is for construction activities, 50% is for new equipment and the remaining 30% is for working capital.

The MBRC continues its follow up on the project development and will assist the company in other associated projects.

Total investments in the period: USD 660,000

Section III: Problems Facing MBRC and Client Operations (Examples)

In the fourth quarter of the year, the MBRC continued its persistent efforts to keep up the projected pace and to successfully complete the Task Order.

As mentioned several times in the previous reports one of the constant problems facing client operations is inappropriate support from the banks regarding the companies' needs for short-term working capital.

Section IV: Development Activities (Examples)

A. Development Activities

B. Economic Recovery/Small Business Sectors Co-ordination Meeting

The MBRC once again played an important role in the Economic Recovery Working Group which is an initiative by Mercy Corps in order to coordinate the foreign donor support since the Donors Conference for Macedonia which took place on March 12, 2002 in Brussels.

The Chairman, Mr. Dejan Antic, welcomed Mr. Jorgo Cuka the General Manager for OHIS, who presented the business community's point of view on the use of foreign assistance in Macedonia. The chemical company OHIS operates several plants in Macedonia, its production includes acrylic fibers, detergent, and artificial rubber and leather, and 3,200 employees work in the company, which has a 120 million EUR turnover.

As large amounts of money enter Macedonia, Mr. Cuka emphasized the importance of transparency, as there seems to be a lack of knowledge as to where this money ends up. Much of the humanitarian assistance to Macedonia is given to the state budget, while the business sector is not considered to be a priority. Mr. Cuka emphasized how important the business sector is for rehabilitating the country; it is not possible to solve political issues without solving the economic problems, especially considering the high unemployment rate in Macedonia.

Mr. Cuka explored some of his ideas on this issue, and stressed that in the future it is important that foreign assistance to Macedonia directly supports the country's economy. The international community should focus more on improving the economy of Macedonia. In order to survive on the international market, Macedonia must adapt to EU standards, otherwise it excludes itself from a large potential market, since 60% of Macedonia's products is exported and 40% remains on the domestic market. The MBRC representative used this opportunity to make business contacts with the OHIS Director and offer its services for further collaborations.

Cooperation between the MBRC and the Ministries of Economy and Foreign Affairs

The cooperation between the MBRC and the ministries of Economy and Foreign Affairs was intensified during the month of November 2002. The representatives of both institutions held meetings where various topics were discussed and different tasks were performed. Ms. Violeta Madjova from the Ministry of Economy asked the MBRC staff to help them with the preparation of their activities during the CEI Summit Economic Forum where the MBRC representative was given

the opportunity to foresee the successful completion of the dinner for the Ministers of Economy hosted by H.E Minister Ilija Filipovski. The First Secretary at the Ministry of Foreign Affairs, Mr. Jon Ivanovski also conducted all the social events held during the CEI Summit Economic Forum in collaboration with the MBRC development staff.

C. Free Economic Zones Conference

Two MBRC employees attended the conference organized by the Directorate for Free Economic Zones (FEZs). The conference was part of the CEI Forum organized in Skopje, November 12-13, 2002. FEZ offices from different countries presented their activities and experience in front of approximately 100 participants. The MBRC representatives used the opportunity to introduce themselves to the key players both from the private sector and the government of Macedonia and countries in the region. They expressed willingness and offered assistance in promotion and development of the Macedonian Free Trade Zone - MFTZ.

D. Business trip to the Czech Republic

On November 6-9, 2002 the Macedonian Business Resource Center representative attended the Industry Fair in Ostrava, the Czech Republic. The fair was organized with an objective to promote a different approach to organizing this kind of trade event and it took place in a new exhibition hall complex. Various industry sectors were represented at the fair, primarily machinery and products of the heavy industry, metallurgy and mining. The fair gathered more than two hundred participants and gave new ideas for improving the business co-operation in the region. The MBRC representative attended the fair and on requests of several Macedonian companies established contacts with representatives of more than 20 companies from the Czech Republic interested in doing business in Macedonia. At the same time, the participation at the fair was used as an excellent opportunity for distribution of the MBRC's promotional materials, as well as presentation of its services and role in promoting regional business networking. The MBRC representative used the stay in the country to meet with representatives of several trade and investment development institutions in Prague and Ostrava. The objective of these meetings was to identify relevant organizations, establish initial contacts with them and discuss the ways for intensification of the business relations between the two countries. In this regard, the MBRC representative visited the Central European Advisory Group, Czech Trade, American Chamber of Commerce (AMCHAM) in the Czech Republic, and Czech Invest. It was agreed that AMCHAM would publish an article for its members on Macedonia and the MBRC.

Cooperation between the MBRC and Skopje Fair

The cooperation between the MBRC and Skopje Fair was intensified during the month of December 2002. The representatives of both institutions held several meetings where various topics were discussed and future events were planned. Ms. Tanja Matovska, Ms. Gordana Dinevsaka and the Commercial Director of Skopje Fair Mr. Nikola Gjorgevski expressed high willingness to work with MBRC on future events and fairs. They consider the MBRC as their leading partner in providing business linkages and marketing opportunities for their future planned

market expansion. The calendar for 2003 was also discussed and the commercial cooperation will continue as fairs and events appear.

Some further promotion of the MBRC was done within the donor community in Macedonia and some financial institutions for the prospect of future financial cooperation and possible partnerships. These communications will continue during the first quarter of 2003 leading to possible successful partnerships and deals.

Events

Skopje Fair - Agroexpo and Tehnoma Skopje, October 1-5 and 22-27, 2002

The joint effort of The Macedonian Business Resource Center, the United States Trade and Development Agency and the American Chamber of Commerce in Macedonia resulted in great success. During both exhibitions in the month of October at the Skopje Fair the agencies presented themselves in a splendid manner.

The American Catalog Show is an initiative by the Department of Commerce at the Embassy of the United States of America in Skopje. It functions in a way that during big fairs worldwide it promotes certain enterprises through the Catalog Show which is aimed to provide business linkages locally and internationally. The MBRC helped this event with its presence during both fairs by promoting its best practices and providing trade and investment facilitation in Macedonia at the fairs. The AmCham also presented their services and projects at the fair.

Presentation of the 5th CEI Summit Economic Forum, and Italian investments in Macedonia

Skopje, October 10, 2002, November 13-15, 2002

The 5th Summit Economic Forum (SEF) of Central European Initiative (CEI) was held in Skopje, on November 13-15, 2002. This is the main annual event for the whole Central European region, to establish business contacts and to offer or request co-operation on projects. It is organized under the Macedonian presidency of the CEI for 2002. Therefore, the Ministry of Foreign Affairs of the Republic of Macedonia and the Italian Embassy in Skopje organized a presentation of this important event and of the opportunities it will offer to Macedonian enterprises.

The Skopje Forum brought together the business community with top government delegations, regional organizations, financial institutions, national and international organizations, professionals and consultants (over 1000 participants took part). The Forum is also linked to the CEI Political Summit. Participants met Prime Ministers of the 17 CEI member countries (Albania, Austria, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Italy, Macedonia, Moldova, Poland, Romania, Slovak Republic, Slovenia, Ukraine, FR Yugoslavia) as well as Ministers of Foreign Affairs and Ministers of the economic sectors.

The Macedonian Business Resource Center took an active role in organizing the Registration &

Accreditation, Match Making Point, most of the logistics, Press Room, Social Events, Panel Presentations, and Exhibitor Stands during the CEI event in November. The presentation of the 5th CEI Summit Economic Forum, and Italian investments in Macedonia was mainly organized by the MBRC employees under the supervision of the Ministry of Foreign Affairs and Mr. Jon Ivanovski and once again proved itself as the leading business development center in the country.

1st Conference of SE Europe Information Technology Associations

Desaret Hotel Ohrid, Republic of Macedonia October 31–November 02, 2002

The MBRC worked with MASIT, the Macedonian Association for Information Technology to organize the 1st Conference of SE Europe Information Technology Associations – a conference on regional cooperation of the information technology associations from the SE Europe region, the first conference of this kind in the region. Participants to the conference were IT associations from the countries in the SE Europe region: Slovenia, Croatia, Hungary, Yugoslavia (Serbia and Montenegro), Romania, Moldavia, Bosnia and Herzegovina, Bulgaria, Macedonia, Albania, Greece, Cyprus and Turkey. Co-organizers of the event in addition to the MBRC and MASIT were:

- GTZ office in Skopje and other GTZ offices from the Region
- BITKOM, German Association for Information Technology, Telecommunications, and New Media

Initially, the idea for the conference was introduced during the CeBit Fair this year, and was immediately accepted by several IT associations from the SEE region. Main objectives of the conference were:

- To get know each other and to introduce mutual business interests
- To promote cooperation between the IT sectors in the region
- What standards do we need to start working together
- How to organize ourselves to compete IT sectors from other regions
- How to improve the cooperation with the EU partners
- Establishment of Business Networking

The conference got a permanent character and it was proposed that this conference be held in a different country from the region each year. MBRC became a permanent partner to MASIT and will be an initiator and facilitator of further activities of the Association.

FINEXPO 2002 – Fair of Finance and Business opportunities

SkopjeFair, December 9 – 11, 2002

The MBRC worked with the Skopje Fair in organizing the FIRST FAIR OF FINANCE AND BUSINESS OPPORTUNITIES in Macedonian. This fair was a collection and presentation of the financial offer and demand in the Republic of Macedonia, popularization of the services from the financial sphere and business opportunities in front of and for the users. FINEXPO provided

information for the payment operation system, foreign and local currency operations, credits for enterprises and citizens, warranties, mortgages, pay cards and other bank services regarding the advantages for investments, transactions, multi-channel banking, private bank insurance, entrepreneurship, life-insurance, property insurance, credit insurance, insurance against risk, consulting services, presentations of services, projects, perspectives etc.

Participants in FINEXPO were: banks, insurance companies, funds and foundations, audit companies, foreign donating and crediting companies, investment companies, brokerage companies, depositories, consulting companies, stock-exchange companies, companies providing and offering software solutions, equipment and security for financial institutions, tax and legal advisories, stock-exchange agencies.

The MBRC took advantage successfully of this opportunity for open demonstration, presentation and direct orientation toward future services and customers. By this activity and planned presentation at FINEXPO the MBRC will further promote and identify its business identity. FINEXPO will help MBRC to expand the opportunity for more professional sales, comprehend the customers' requirements, acquire knowledge on the present market so that we could improve the popularization and sales of our services, exchange experience and know-how, win new opportunities for cooperation, and speed up the process of our business.

Media Coverage

The MBRC Development staff once again strengthened their relations with the Macedonian media.

A MBRC representative was appointed as the person in charge for the Media Coverage of the Presentation of the 5th CEI Summit Economic Forum, and Italian Investments in Macedonia, which were very successful. The First Secretary of the Ministry of Foreign Affairs, Mr. Jon Ivanovski also appointed the same representative as the person in charge of the Media Coverage for both Economic and Political Forums in November.

The arrangement was also made with the Vest journalist, Gorast Kaleov for repetitive publication on the MBRC activities on every Tuesday's Business Barometer where the MBRC activities and B2B's were publicized.

MBRC gave a 10 minute interview to Mirce Apostolski from the Macedonian Radio 2nd program regarding the MBRC involvement with the CEI Summit Economic Forum and overall activities of the center, and also gave a short interview to Miranda Piperku from Life Radio regarding the investment activities of the MBRC.

A new agreement was made with the daily newspaper Vest and Mr. Gorast Kaleov for further media coverage of the MBRC.

Section V: Agribusiness Investment and Trade

Pishev, Skopje - Shpet Komerc, Kosovo

Pishev is an import-export company from Skopje. It is one of the largest suppliers of chicken and turkey meat in Macedonia and Bulgaria. The company also has a registered company in the USA from where it purchases the meat. The general manager of Pishev, Mr. Aleksandar Pishev, approached the MBRC seeking assistance in locating business partners from the former Yugoslav republics. The MBRC has established contacts with companies from Croatia, Bosnia, Montenegro and Kosovo. A company from Kosovo, Shpet Komerc, expressed interest in cooperation. The MBRC put both parties in direct contact, and facilitated the signing of an agreement for cooperation. Shpet Komerc has ordered for 8 containers of chicken leg quarters to start. The containers will be delivered by the end of March. Due to the situation with the Kosovo border the containers will be delivered through Albania.

In this reporting period there was one follow-up deal in total value of USD 745,200.

The cooperation between Pishev and Shpet Komerc will continue in the future. Depending on the needs of the Kosovo market, the companies will agree the dynamics of the future shipments.

Cemersko Pole

The company Cemersko Pole was established in 1997. The main idea of the owner was to reactivate abandoned fields in the area of Cemersko village. The fields, at an altitude of 700 meters above sea level, had not been cultivated for more than 30 years. In 1997, the Ministry of Agriculture, Forestry and Water Economy of Macedonia started encouraging local inhabitants to cultivate the undeveloped regions throughout Macedonia, by giving land on concession. On those bases, 200 hectares of abandoned, uncultivated land was granted to Mr. Vasilev together with an amount of USD 30,000, which was used in the purchase of a jeep, bulldozer and an electrical saw. The company started planting raspberries in 1997 on three hectares of land, and since then, it has constantly increased its production and has become a leading company in the business.

The company management used the business plan to apply for funds at several commercial banks. In addition, the company management applied for grant with the SENTER PSO program of the Dutch government. At the end of 2002 SENTER provided a grant in the amount of USD 500,000.

The grant consists of cooling plant, irrigation system and cooling truck for the transportation of raspberries.

The owner of Cemersko Pole plans to further expand the cultivated area. The MBRC will continue following the progress of the company and assist the management when necessary. The raspberry growing has an emphasized seasonal character, so most of the employees are seasonal workers from the surrounding villages. With the increase of cultivated land, the company's management plans to employ additional 5 full time employees and over 60 seasonal workers during the harvesting period.

Ms Ana

Ms Ana was established in 1995 in Struga, southwest Macedonia. It is a 100% private company with the core activity being the production of bakery products. Growth of the company has been

recorded every year as a result of good knowledge of the market and the 6 years of working experience in the bakery business in Sweden by one of the owners. Ms Ana became the biggest supplier of bakery products of Struga, since Zito-Struga closed the factory. Since the managers are interested in extending its business in this area they developed a project for opening a mill for flour.

Ms Ana's management approached the MBRC asking for assistance in developing the investment proposal. The company used the proposal to apply for a loan from the MBPR credit line that would be serviced through Investbanka.

The idea for production of flour came up when the management team of Ms Ana wanted to buy shares from Zitojug-Kavadarci, a mill that was in process of privatization. The idea failed because of unsolved legal issues regarding ownership of the factory. Therefore, Ms Ana bought land of 4,202 m² in the area where the biggest fields of wheat in Struga are located. The building was completed and the equipment is ordered from Sweden. The company plans to produce flour for their own needs as well as for the market in Struga.

Section VI: Training Program Activities

- **Seminars and Workshops**

In the period of October - December 2002,

7 seminars were delivered at companies in Skopje

2 seminars were delivered at companies in locations outside of Skopje

9 total seminars were delivered in the period

48 participants total

Section VII: Report on Employment Impact in Period

- **Effect on Employment**

In the reporting period two investment deals were completed. Both investments will have effect on employment. Investment deal Cemersko pole, as already reported in the success story, will create 5 full time positions and over 60 seasonal workers will be hired. Company Ms Ana, Struga with the completed investment will employ 3 more people. This will be confirmed in the final USAID Report.

Employment figures arising out of the trade and investment activities are inherently conservative because many of the companies do not report all of the new employment that may arise either immediately or over time.

Part II: Sub-Task Order # 03

This part summarizes the MBRC activities for the period January 2001 – December 2002

Section VIII: Task Order Period to Date

Total value of the completed trade deals is **USD 36,792,695**

Total value of the completed investment deals is **USD 17,679,231**

Total number of seminars:	42
held in Skopje	32
outside of Skopje	10
Total number of participants:	870

Total effect on employment (numbers limited to that reported by companies)

Total Full-time: 305

Total Part-time: 63

Total Male: 198

Total Female: 170

Total Trade & Investment for the MBRC:

Total value of the completed trade deals is **USD 58,270,429**

Total value of the completed investment deals is **USD 27,144,124**

USD 85,414,553

C. Activity Management Services in Agadir (Morocco), TO #809

Start Date: January 15, 2001

Completion Date: September 30, 2002

Amount of Delivery Order: \$1,656,868.00

Project Completed. Final Report is attached.

D. Ukraine Land Titling Initiative (ULTI), TO #811

Start Date: June 22, 2001

Completion Date: September 20, 2003

Amount of Delivery Order: \$14,300,000.00

I. PROGRESS ON OVERALL OBJECTIVES

Progress of the Project is described below.

AGRICULTURAL LAND TITLING

As of this December, ULTI has assisted with the issuance of approximately 253,000 State Acts for agricultural land. Of this number, some 219,000 were issued under ULTI contracts for pre-prepared State Acts. Approximately 35,000 have been issued under ULTI contracts for new work. The team has verified that these State Acts are issued to land share holders.

Contracting for Land Titling Work

Land surveys and preparation of State Acts continues under 74 contracts covering approximately 680,000 land shares (please see Table 1 for information on work under contract). The Project has additional resources to cover approximately 191,000 land shares (without any cancellations in existing contracts). The Project has preliminary commitments in several oblasts to complete preparation of State Acts for an additional 102,000 land shares, which leaves funds in the Project budget to complete State Acts for approximately 89,000 land shares. The Project expects to cancel some land titling work in several oblasts due to political problems and gross violations of the provisions of the contract by some survey firms, such as the violations occurring in Sumy and the potential violations in Poltava, which means that extra funds will become available to cover preparation of State Acts for even more land shares. The team expects that cancellations in Sumy will run around 50 percent of the land shares originally contracted, or about 45,000 land shares.

Table 1: Number of Land Shares Covered Under ULTI Contracts, by Oblast

Oblast Name	No. of Land Shares under Contract
Chernigiv	85,206
Chernivtsi	67,991
Ivano Frankivsk	23,486
Kherson	72,579
Lugansk	40,605
Poltava	20,568
Rivne	54,117
Sumy	89,831
Ternopil	62,940
Vinnitsa	52,210
Zaporizia	23,802
Zhytomyr	29,006
Lviv	54,053
Odessa	10,224

TOTAL	680,768
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The Project is negotiating new contracts in Odessa and Mykolaiv. The team is ready to announce a tender for additional work areas in Volyn (4 work areas) and Lviv (one bonus work area of 7,500 land shares). Bids on these tenders are due to the Project office by December 20, 2002.

Collaboration with ULRMC on Purchase and Use of Satellite Imagery

There continues to be no progress on this issue and cooperation between ULTI and ULRMC has stopped. The processing of the initial set of imagery for Rivne Oblast is complete and available for evaluation, but it cannot be used officially until either the Ministry of Defense, the State Security Service, or the State Service for Geodesy, Cartography, and Cadastre gives its expert decision that the imagery does not constitute a state secret. The Project continues to try and resolve this matter on two fronts. First, in September the ULTI Project drafted a letter from USAID Mission Director Chris Crowley to Deputy Prime Minister Kozachenko requesting that the Deputy Prime Minister direct the above mentioned agencies to urgently consider the issues related to ULTI Project use of satellite imagery and to take a decision on the matter in the very near future. The implication in the letter is that if no decision is made in the near future, USAID will reconsider its allocation of \$500,000 for purchase of satellite imagery. Unfortunately, it is not clear if the letter was sent out and now that the Government has resigned, Mr. Kozachenko will have no ability to influence the matter. Second, the Project is working through back channels to convince the Ministry of Defense and the State Security Service to approve the use of this imagery by the ULTI Project. The effort involves having experts of these two State organizations issue an opinion that such imagery should not be considered a secret and to change the regulation that governs this matter to allow open use of this type of imagery. It is not clear if this effort will be successful, since it involves lobbying various interest groups in the organizations.

Cooperation with World Bank on Agricultural Land Titling

In November, the team continued to cooperate with the World Bank legal consultant on a number of draft laws that are either being drafted by Derzhkomzem or have already been submitted to the Verkhovna Rada. The main drafts on which the Project worked with the Bank's consultant were the draft laws on Delimitation of Land into State and Communal Ownership, on Taking of Privately Owned Land for Public Purposes, and on Land Markets. The team has devised strategies to introduce changes into these draft laws as agreed with the Bank's consultant. Most of the strategies involve working with the Rada's Agricultural Committee or Rada Deputies to introduce a competing version of a draft law into the Rada. More on the status of each draft law is explained in the Section on Legal and Regulatory Work.

Preparation of Land Titling Instructions

The legal team's draft Law on Allocation of Land Shares in Kind was approved and supported by the Agricultural Committee in the Verkhovna Rada in September 2002. In November, the Verkhovna Rada voted on the draft in the first reading, but failed to pass it, mainly because the

timing of the voting was ill-advised. The vote took place immediately after the voting to approve the new Prime Minister, and many Deputies had left the plenum to celebrate the previous vote. The team expects the draft to come up for another vote in December before the full plenum and hopes for better results at that time. The draft law establishes the principles for allocation of agricultural land to land share holders, sets out basic provisions for the procedures to be followed in the process, and requires the adoption of updated procedures for allocation of land shares in kind by the Cabinet of Ministers. This draft law represents the ULTI team's effort to circumvent the obstruction by Derzhkomzem to enactment of the model land titling instructions (Methodological Recommendations).

Cooperation with Swedish NSDI Project to Develop New Parcel Identification Numbering Scheme

Cooperation between ULTI and NSDI is proceeding relatively well. ULTI signed a contract with a Ukrainian firm, GeoSystems, which is processing the cadastral index maps for Ukraine in accordance with the revised schedule in the ULTI/NSDI cooperation agreement. To date, the firm has delivered cadastral map data for eight oblasts. Additional cadastral index map data should be completed in December 2002. The main issue that now impacts the work on cadastral numbering is that Derzhkomzem needs to adopt changes to its Directive on cadastral numbering in conformance with the concept on a uniform system of cadastral numbering prepared by ULTI/NSDI in February 2002. The Vice Prime Minister has signed an order that a uniform system of cadastral numbering be established, but it will require Derzhkomzem to implement changes to its existing Directive. The Project will participate in drafting amendments to the existing Derzhkomzem Directive and work to have those amendments adopted in accordance with the Vice Prime Minister's order.

Collection of Land Titling Data in Electronic Format

The Project is prepared to implement the Land Title Data Archive (Archive) to ensure that the Project's land title information is preserved and made easily available for future use. The Archive has the following goals: to store the land title data generated by the Project, including both attribute and graphical data; to verify and validate the quality of the data; to validate the integrity of the data; to keep the data safe and secure; to make the data available for query to assist in managing the Project; to pass the data on to appropriate Ukrainian agencies and other foreign assistance projects; and to be inexpensive, fast, simple, and effective to implement. The Archive must address various risks, including data loss, data quality, and data integrity. The Archive will consist of the following components: data entry computers, a data archive computer, a tape backup device, a database, data entry tools, data checking/validation tools, query/reporting tools, and documentation and procedures. The team expects that full implementation of the Archive will take 12 weeks.

NON-AGRICULTURAL LAND TITLING

As of the end of October 2002, (the last full month of statistics available at the time of this report) 4,954 State Acts were issued as a direct result of the Project's activities, with 318 State Acts issued in the month (69 percent of the revised monthly goal of 460 State Acts). Of these

State Acts, 55 were issued on land parcels purchased before August 1, 2001 and 263 on land parcels purchased after August 1, 2001. The total value of land parcels to which State Acts were issued this month is UAH 6.448 million.

This month, eight regional coordinators reached 100 percent or more of their monthly targets and eleven regional coordinators failed to reach even 50 percent of their monthly target for issued State Acts. Table 2 gives complete data on the number of sales, number of State Acts issued, and revenue generated from land sales by the Project team since it began working in this area in July 2001. Annex 1 to the report shows information on the results of land privatization activity and issuance of State Acts by oblast for the last month. Forty-one of the State Acts issued in the last month were for “secondary sales” of non-agricultural land. There is a total of 324 “secondary sales” on which State Acts are issued as of this month.

Table 2: Non-agricultural Land Privatization Statistics for August 2002

Number of land privatization sales			Revenue generated from issuance of State Acts (in UAH)	Total Number of State Acts issued with Project assistance	Number of State Acts yet to be issued		
Completed before August 1, 2001	Completed since August 1, 2001				On sales completed before August 1, 2001	On sales completed after August 1, 2001	Total sales
	Installment Sales	Total No. of Sales					
3,740	946	4,598	119,787,092	4,954	763	1,472	2,235

Derzhkomzem Directive No. 23 substantially affected the performance of regional coordinators in October. Despite the overall increase in land privatization sales during the latest quarter, the enforcement of the Directive has slowed the issuance of State Acts in most oblasts. In two oblasts, Vinnitsa and Chernigiv, the issuance of State Acts has stopped completely because the local Cadastre Centers are not prepared technically to complete the registration process. In other oblasts, the extra fees required by the Directive to obtain a State Act are prohibitively high, making most entrepreneurs hesitant to obtain their State Act. In Donetsk for example, the fee to register a non-agricultural land parcel is as high as 750 UAH. More information on the status of Directive No. 23 and the Project’s effort to cancel this illegal regulation is presented in Section III of this report.

Managing the network of regional coordinators

The Project held its monthly meeting of regional coordinators on November 13, 2002. The team’s meeting this month focused on the following issues:

- *Results of NALT activity for October.*
- *Status of implementing the land auctions program.*
- *Status of legislation affecting non-agricultural land privatization, including efforts to cancel Derzhkomzem Directive No. 23.*
- *Oblast and raion seminars to promote land sales.*
- *Recap of the new incentive plan that will begin in November 2002.*
- *Discussion of the Project's policy on environmental issues related to non-agricultural land titling and distribution of a written policy on the issue.*

Measures to Accelerate the Issuance of State Acts

The team has adopted a number of actions to accelerate the issuance of State Acts to non-agricultural land. First, the team continues to use the installment contract under which the State Act to land is issued once the land purchaser makes the initial payment. However, in the case of most land sales (especially when large land parcels are sold) local authorities will not agree to the issuance of the State Act until full payment for the land parcel is completed, making the use of this contract effective in accelerating the issuance of State Acts in a limited number of cases.

Second, the team has actively promoted land auctions as a means to accelerate land privatization and issuance of State Acts. In November, land auctions were held in Poltava and Volyn oblasts. Another two land auctions originally scheduled for November did not occur (in Poltava and Zhytomyr oblasts) because no buyers showed interest in purchasing the available parcels. Rumor has it that the required starting bid was too high, discouraging any interested buyers from submitting bids. More land auctions are scheduled to occur in December in Chernivtsi, Dnipropetrovsk, Rivne, and Sumy oblasts. Preparations for more land auctions are ongoing in Ternopil, Zaporizia, and Crimea. Finally, the Oblast Rada in Chernigiv recently approved the NALT model regulation on land auctions.

Third, to increase the number of State Acts issued with assistance of the Project's regional coordinators, the Project team is implementing a new incentive plan (as described in the October monthly report) in November 2002. The team hopes that the new incentives will motivate regional coordinators to increase their output of issued State Acts by at least 25 percent.

Promotional Campaign

In November the regional coordinators continued holding local seminars for the representatives of enterprises and local governments. The seminars were held on a raional level and were aimed at the heads of local radas and state administrations. Seminars were held in the following oblasts: Chernivtsi (1), Dnipropetrovsk (3), Donetsk (1), Kiev (3), Lugansk (2), Mykolaiv (1), Odessa (2), Rivne (1), Sumy (1), Zaporizia (1), and Zhytomyr (1). Regional coordinators also organized oblast level seminars in Khmelnytsky and Poltava. The NALT manager and senior lawyer participated in these two seminars. The Project has also allocated additional funds for regional coordinators to organize advertising on land privatization and promotional events. Each regional coordinator has submitted a plan for use of these funds.

Site Visits to Regional Offices

The NALT team made four site visits in November to offices of regional coordinators. The visits were to the following areas:

Donetsk (11/08/02)

The team participated in a raional seminar on non-agricultural land privatization, held in Slavyansk city. Representatives of 3 raions of Donetsk oblast attended – 169 persons in total. They included:

- 55 mayors of village and municipal radas and deputies of local radas
- 60 entrepreneurs and representatives of enterprises
- 10 notaries
- 44 land surveyors, lawyers and appraisers

The team presented information at the seminar on the goals and objectives of the Project; legal issues related to non-agricultural land privatization; and the status of non-agricultural land privatization in Donetsk oblast. Other speakers at the seminar included the Mayor of Slavyansk City and the Head of Donetsk Oblast Department of Land Resources.

Khmelnitsky (11/19/02)

The team participated in an oblast level seminar on non-agricultural land privatization. The Project and the Khmelnitsky Oblast Rada jointly organized the seminar. Speakers at the seminar included the Head of the Oblast Rada, Deputy Head of Oblast State Administration, Head of Oblast Department of Land Resources and the representatives of Project. The participants at the seminar totaled about 60 people and included the mayors of municipal radas and heads of raion radas and state administrations. The team also met with the Secretary of Khmelnitsky Municipal Rada, the Head and Deputy Head of Oblast Department of Land Resources, and the Heads of Khmelnitsky Municipal and Khmelnitsky Raion Departments of Land Resources. In each of these meetings the team discussed measures to accelerate the land privatization and issuance of State Acts. The officials admitted there is a growing interest in privatization of non-agricultural land from local enterprises, and a significant increase in the number of land sales throughout the oblast in the recent past. However, DKZ Directive No. 23 continues to cause serious obstacles to mass issuance of State Acts to purchasers of non-agricultural land.

Vinnitsa (11/20/02)

The NALT Team Manager met with Deputy Head of Oblast Department of Land Resources and the representatives of land survey and land appraisal companies. The team manager was able to reach an agreement on the following issues:

- Oblast department of land resources will issue an order to enhance control over the terms of issuing State Acts after drawing up land sales agreements (as of today, the State Acts are issued only for 60 percent of land sales).
- The Project will organize and conduct a seminar on legal issues related to non-agricultural land privatization and issuance of State Acts for local lawyers and notaries. The Project will conduct the seminar by the end of the year.
- The Project will provide assistance to the Vinnitsa Municipal Rada to organize a land auction in the oblast center
- The Project will prepare a letter to the Governor with information about the status of non-agricultural land sales in the oblast and request that the oblast administration take all possible measures to accelerate land sales in raions of the oblast where privatization is proceeding slowly. (This letter was sent to the Governor on November 22, 2002).

Crimea -- Sevastopol City (11/26/02)

The team traveled to Sevastopol to conduct a workshop on measures to accelerate land sales and issuance of State Acts in the city with the officials of the Sevastopol Municipal Rada. The participants at the workshop were:

- Four heads of rada's commissions (on land resources, budget, ownership, ecology),
- Two heads of raion radas,
- Acting Head of the Municipal Department on Land Resources,
- The director of the municipal cadastre center, and
- Eight deputies of the municipal rada.

The team informed the participants on the status of non-agricultural land privatization in Ukraine and Crimea, the results of the Project activity in other parts of Ukraine, and the development of legislation on non-agricultural land privatization. As a result of the meeting, the NALT team agreed to provide the municipal rada with a set of standard documents regarding land sales issues (including the regulation on land auctions, land rental decisions, etc.). Based on these documents, the rada will consider manners by which it can increase land sales.

LEGAL AND REGULATORY WORK

Draft Legislation, Comments, and Position Papers

- Draft Law on Allocation of Land Shares in Kind. The Verkhovna Rada voted on the draft law immediately after the new Prime Minister was approved by the Rada. Unfortunately, many Deputies had already left the plenum when the draft was called for a vote and there were not enough votes to pass the draft law in the first reading. This setback is serious, but Mr. Tomych, Agricultural Committee Chairman has already spoken with the Speaker of the Rada and other faction members to bring the draft up for another vote when more deputies are present. Hopefully the setback will only be temporary and the draft will pass in the first reading in December.

- Draft Law on Private Family Farm. The ULTI draft of the law was registered in the Verkhovna Rada in September. No action on this draft law.
- Draft Law on Land Survey. The team's lawyer briefed the Verkhovna Rada legal department on the contents of the law in November.
- Draft Law on Introduction to Changes in the Land Code. The team's lawyer worked with the Verkhovna Rada legal department on the draft.
- Draft Law on State Survey Expertise. The ULTI draft of the law was registered in the Verkhovna Rada in September. No action on this draft law.
- Drafting of a law on the protection of rights of land and property share owners. There has been no work on this draft.
- Draft Law on Delimitation of Land into State and Communal Ownership. The Project prepared a new draft of this law, based on the draft of the World Bank legal consultant. Recently, an alternative draft was introduced in the Rada by an unknown source. The alternative draft is based in large part on the version prepared by the Project and includes many comments of the World Bank consultant. Of course the new draft could use some more work, but the draft is much better than the original one submitted by the Cabinet of Ministers and Derzhkomzem.
- The legal team prepared comments to Derzhkomzem Directive No. 23 for the Ministry of Justice. The MOJ has sent a letter to Derzhkomzem asking that the Directive be cancelled immediately. However, there is no indication that Derzhkomzem will follow the request of the Ministry of Justice on this matter.

Simplification of Land Titling Procedures

The legal team continues to promote the Law on Allocation of Land Shares in Kind as the means to simplify the existing land titling procedures. The Verkhovna Rada voted on the draft in November, which did not pass the first reading for the reasons stated above. Hopefully the draft will be voted on again in December and will pass in first reading at that time.

Establishment of a USAID – GOU working group to address land titling issues

There has been no formal meeting of the working group since August 21, 2002 the date of the meeting of the experts' panel. However, officials from USAID and the Project met with Vice Prime Minister Kozachenko and Mr. Danylenko on November 12, 2002 to voice complaints about actions taken by Derzhkomzem that delay implementation of the ULTI Project.

The main issue on the agenda was Derzhkomzem Directive No. 23. Director of USAID, Chris Crowley, clearly stated that the Directive effectively stops the Project's ability to issue State Acts and must be cancelled for the Project to be able to continue its work. The Vice Prime Minister asked for one week to investigate the matter and to respond to USAID.

Unfortunately, since that date the Government has resigned, meaning that Mr. Kozachenko no longer has standing to direct a resolution to this controversial matter. It appears that this issue will continue to linger and stop the implementation of the Project for some time, at least until a new Government is formed and it begins to work in earnest. Other issues raised during the meeting included:

- issuance of one State Act for each and every land parcel (this matter relates to the Project's ability to meet the goal of 1.8 million State Acts issued with Project assistance;
- Derzhkomzem adoption of a new uniform set of land titling instructions (this matter relates to simplification of land titling procedures as agreed to in the MOU of October 31, 2001); and
- Which entity (raion state administration or local rada) has the authority to issue State Acts to land share holders.

Unfortunately, these issues are also not likely to be resolved in the near future due to the changing Government.

Environmental Issues

USAID approved five of the six tasks in the ULTI proposed IEE Implementation Plan submitted to USAID in April 2002. One task is still being debated by USAID before it approves implementation. The team completed work on tasks 1, 2, and 6 of the IEE Implementation Plan. The team has submitted all deliverables to USAID. The team also needs to prepare a brochure on environmental issues for the public and hold a public hearing to get comments on the environmental information it will distribute to the general public. The team expects that it will have the remaining tasks completed in early 2003.

Program for Legal Aid to Landowners

In November, the Project hired a full time manager for the legal aid program. The Project sent out letters to each of the five oblasts in which it plans to open the centers seeking support for the activity from the Oblast State Administration. In each of the five oblasts (Lugansk, Vinnitsa, Chernigiv, Rivne, and Kherson) the Oblast State Administration responded positively to the Project's proposal to establish the centers. The manager of the legal aid program has prepared the policy and procedures for operation of the legal aid centers and finalized the job descriptions for the staff of the legal centers. The legal aid manager is now organizing the recruitment of staff for the centers, preparing the detailed initial work plan, working on reporting mechanisms for each center, and preparing for the initial training of staff. In December the legal aid manager and project management will make site visits to several of the oblasts in which the Project will open centers to meet with oblast administration and department of land resources representatives to explain the main purpose and the method of operation of the legal aid centers. The Project had planned to open the five centers in December 2002, but the implementation timetable has proved to be too aggressive and unrealistic, making it more likely that the centers will open in January 2003. Training of new staff is likely to occur shortly before the opening of the centers in January.

PUBLIC EDUCATION AND OUTREACH

Events this Month

1. The Public Education team organized the Project's information booth at the annual Agrarian Fair on November 6 to 8, 2002. The Project's lawyer worked at the event providing information to attendees about the Project and answering legal questions on land ownership rights. Specialists on land issues that answer the UMREP hotline also attended the Fair as part of the Project's booth.
2. On November 7, 2002 the Public Education team organized a seminar in Poltava for the heads of village radas, raion land surveyors, and raion administrations. After the seminar the team participated in a press conference, which the Silsky Chas television crew filmed for its weekly program.
3. On November 8, 2002 the Public Education team organized a press conference in Sumy at which the Project team and representatives from USAID (Chris Crowley) took part. The topic of the press conference was the inappropriate collection of money from land share holders in the oblast.
4. On November 9, 2002 the Public Education team organized and took part in a titling ceremony in the village of Bereziv, Gluhiv raion, in Sumy oblast. The television crew from Silsky Chas attended and filmed the event.
5. On November 12, 2002 the Public Education team organized a seminar for the heads of village radas, raion land surveyors, and raion administrations in Zhytomyr oblast. After the seminar a press conference was held at which speakers at the seminar took part.
6. On November 14, 2002 the Public Education team organized a seminar for the heads of village radas, raion land surveyors, and raion administrations in Gorodenka city, Ivano-Frankivsk oblast. After the seminar a press conference was held at which all speakers at the seminar took part.
7. On November 20, 2002 the Public Education Manager conducted a training session for the new information agent that will work in Vinnitsa oblast.
8. On November 25, 2002 the Public Education team once again started broadcasting the radio program "Agronovini" after a 50-day lapse. As previously reported, in October the producers of the program stopped the broadcasts suddenly for unknown reasons. The Public Education team had been negotiating for over one month to get the program back on the air.
9. On November 27, 2002 the Public Education Manager conducted a training session for the new information agent that will work in Lviv oblast.

Other Issues

- The Public Education team prepared letters to the Governors and Heads of Chernivtsi and Poltava oblast administrations and radas. This type of intensive correspondence with oblast leaders has proved to be an effective way to resolve the problems and facilitate organization of the Project's events. The team also continued to send out the Project's correspondence with local radas, survey firms, and local officials, sending out 885 letters in November.

II. PROGRESS ON MEETING THE MONTH'S GOALS

Agricultural Land Titling

1. Continue verification and payment activities for existing contracts. – *Work in this area continues as survey firms complete steps in the process of preparing and issuing State Acts.*
2. Preliminary implementation of ULTI Land Title Data Archive. Receive first digital datasets from subcontractors and load into archive. – *The team has not yet received any data for the archive. We expect to receive the first set of data in December and test the system at that time.*
3. Prepare and announce the tender in Volyn. Conduct tender in Odessa and Mykolaiv. Sign contracts for six work areas in Lviv. – *The team prepared to announce the tender for four work areas in Volyn and one additional work area in Lviv. These announcements will be published in newspapers on December 6, 2002. The tenders in Odessa and Mykolaiv are completed; results are generally good and contracts should be signed for all tendered work areas in December. Contracts for all six work areas in Lviv are signed, work is ongoing.*
4. Conclude the cooperation agreement with ULRMC on use and processing of satellite imagery once final approval for processing of the imagery comes from the State Service for Geodesy, Cartography, and Cadastre. – *No progress on this issue in November. There is no approval from the appropriate State bodies to use the imagery.*
5. Continue visits to oblasts to meet with representatives of the department of land resources, oblast state administration, and private land survey firms in the effort to improve coordination between the Project and these parties. – *The team met with representatives in Zhytomyr, Poltava, Ivano Frankivsk, and Sumy in November.*
6. Continue cooperation with World Bank representatives on the proposed rural land tiling project. – *The Project continued its cooperation in November, working on draft laws with the World Bank's legal consultant.*

Non-agricultural Land Titling

1. Conduct 2-3 site visits to regional offices to improve NALT performance and issuance of State Acts on land sales. – *The team conducted site visits to the offices of four regional coordinators.*
2. Conduct an oblast level seminar on non-agricultural land sales for enterprises and local governments in Poltava. – *Oblast level seminars were held in Poltava and Khmelnytsky.*
3. Complete first draft of the Manual on Land Auctions. – *The first draft of the manual is done.*
4. Work on the concept for NALT monthly newsletter. – *Tentative agreements on publication of a monthly newsletter are in place. The first issue of the newsletter should be ready for distribution in December, 2003.*
5. Develop procedures on conducting land auctions in Yalta and assist the city conduct its first auction. – *No land auction was held in Yalta in November.*

Legal and Regulatory Work

1. Work to schedule the meeting of the US Government/Government of Ukraine working group on land titling issues. Tentative date for the meeting is November 7, 2002. – A meeting with the Vice Prime Minister and Mr. Danylenko occurred on November 12, 2002. While the meeting did not include all members of the working group, it allowed USAID and the Project an opportunity to formally raise objections to certain actions by Derzhkomzem that have caused delays in Project implementation.
2. Continue to cooperate on legal review with the World Bank legal consultant who is scheduled to arrive in Kiev on November 11, 2002. – Cooperation continued in November on this matter. The team worked with the Bank's consultant on several draft laws as described in Section I above.
3. Complete implementation of the IEE Action Plan tasks 1 and 2. – The team completed work on the first two tasks and submitted the deliverable to USAID in November.
4. Work with Verkhovna Rada Committees on the draft Law on Forced Alienation of Land for Public Purposes, draft Law on State Survey Expertise, and the draft Law on Land Market. – The legal team did not have much contact with the Verkhovna Rada on these drafts in November, mainly due to the political instability in the Rada and the appointment of the new Prime Minister.
5. Work with the Agricultural Committee of the Verkhovna Rada to promote passage of the ULTI versions of the draft Law on Allocation of Land Shares in Kind and the draft law on private Family Farms. – No advances were made on this draft law in November.
6. Attempt to introduce a second version (one based on the version drafted by ULTI and World Bank legal consultant, Robert Mitchell) of the draft Law on Delimitation of Land into State and Communal Ownership into the Verkhovna Rada. This draft is much better than the version submitted by Derzhkomzem. – The team worked with the Bank's consultant and has prepared an alternative version of this draft law for submission to the Verkhovna Rada.

Public Education and Outreach

1. Organize a titling ceremony in Bereziv village, Gluhiv raion, Sumy oblast on November 9, 2002. – The ceremony occurred on November 9, 2002.
2. Take part in the Agricultural Fair hosted by the Farmers' Association on November 6-8, 2002. – The team participated in this event.
3. Begin verifying the issuance of State Acts in villages using the team's information agents. – This work has begun in villages where survey firms report that State Acts are prepared. The agents are proving to be a valuable tool, even though the team is now working out some of the problems related to reporting in each village rada.
4. Continue the distribution of Project posters and leaflets in villages where the Project works on land titling and begin distribution. Distribution will continue in the original seven oblasts and will begin in Chernivtsi, Ivano-Frankivsk, Zaporizia, Rivne, and Kherson oblasts on October 7, 2002. – Distribution of written materials continues in these oblasts. In Zaporizia, the information distributed by our agents has raised questions about the collection

of extra monies by the survey firm that has contracted with the Project. In the near future, the team will meet with the director of the survey firm to discuss the issue.

5. Conduct seminars for heads of village radas and raional land surveyors in Poltava (November 7), Zhytomyr (November 12), Ivano Frankivsk (November 14), and Chernivtsi (November 19-20). – Seminars occurred in Zhytomyr, Ivano Frankivsk, and Poltava in November. The seminar in Chernivtsi was cancelled at the last minute and has been rescheduled for early December. .
6. Schedule and conduct seminars for heads of village radas and press conferences in Vinnitsa, Rivne and Kharkiv. – These seminars did not occur in November. The seminar in Kharkiv is no longer necessary because the Project has terminated all of its contracts in that oblast due to violations of the contract provisions by the survey firm. The team is working on arranging dates for the seminars in Rivne and Vinnitsa.

III. SIGNIFICANT ACCOMPLISHMENTS, PROBLEMS, AND OTHER ISSUES

Significant Accomplishments

- The Project hired a manager for the legal aid program. The manager is now working actively to find suitable and qualified lawyers and agronomists to staff the legal aid centers.
- The non-agricultural land titling regional coordinator in Mykolaiv continues to show improvement in issuance of State Acts in that oblast. In October the regional coordinator managed to assist with the issuance of 28 State Acts. Regional coordinators in Donetsk, Odessa, and Zaporizia also managed to increase their production in October.
- The Project continued the intensive Public Education Campaign in Sumy oblast, holding three press conferences in 40 days; airing a number of television spots about the situation in Sumy on Silsky Chas and on Sumy oblast television; having broadcasts about the situation in Sumy oblast on Agronovini; and sending out information agents for another round of site visits to village radas included in the Project. The series of actions has saved and will save the money of villagers in the oblast and in other oblasts where survey firms and officials continue to try and collect money for land titling work in addition to money paid by the Project. The experience that the Project is gaining in Sumy will be useful in other oblasts when responding to similar problems and issues.
- At the end of November, the Project was able to convince the producers of the radio program Agronovini to begin airing the program again. As previously reported, the producers of the program abruptly stopped airing it in early October for reasons that were never clear to the Project. After extensive negotiations with the producers of Agronovini, the team was finally able to resume broadcasts of the program, albeit at a much higher price per minute of airtime than the Project was previously paying. The Project agreed to pay the higher price for airtime because the need for the program is critical to the success of the Project. As evidence of this fact, citizens from all over Ukraine called in to the Project during the first four days that the program was back on the air. The calls to the Project help to reveal the real situation regarding land titling in the country. The feedback proves that

Agronovini is an extremely effective tool to communicate the Project's policy to the masses, and if used correctly will help to make the land titling process more transparent throughout Ukraine.

Problems

Derzhkomzem Directive No. 23

There is still no resolution on the cancellation of Derzhkomzem Directive No. 23, which obstructs the implementation of the ULTI Project. Several oblasts have reported that the department of land resources has refused to give out blank forms of State Acts to survey firms working with the Project until the provision of Directive No. 23 are fulfilled; that is, the fees associated with registration of a land parcel are paid and the extra work filling in a registration card is completed. In many of these oblasts, survey firms working with the Project report that technical work preparing State Acts is done, but the firms cannot obtain blank State Acts and therefore cannot finish preparing the State Acts. Furthermore, enterprises that privatize their non-agricultural land are expected to pay between 250 and 750 UAH to receive their State Act under the provisions of Directive No. 23. Needless to say, issuance of State Acts in this component of the Project has also been adversely affected.

As reported over the last few months, on August 1, 2002, Derzhkomzem issued Directive No. 23, an internal directive and temporary procedure on forming and maintaining a computerized land cadastre system. The Directive authorizes local cadastre centers to collect a substantial fee from land survey firms that are preparing State Acts for entering data on land into the system. The Directive effectively blocks the issuance of State Acts to citizens until the cadastre centers' obtain the extensive data on land (over 50 fields of information) and the survey firm preparing State Acts pays all the required fees. The Directive requires the survey firm to gather all this data, much of which does not relate to the establishment of ownership rights to land, and therefore should not be tied to issuing State Acts. This is work that should be conducted by a department of land resources itself. Moreover, the Directive is illegal, because it has not been registered with the Ministry of Justice in accordance with Ukrainian law.

The Directive must be cancelled because it stops the issuance of State Acts in Ukraine. The Directive increases the costs of land titling to the general public and the ULTI Project by over 100 percent. The Project continues working with the Ministry of Justice to cancel the Directive, but direct political action by the US Government would be more helpful in resolving this matter quickly.

Collection of Money for Preparation of State Acts in Addition to Funds Paid by the ULTI Project

As previously disclosed to USAID representatives, there is a problem with the collection of additional monies from land share holders in Sumy oblast. Recently the Project learned that the problem is widespread in Poltava oblast also, although the collection of money is not so well organized as in Sumy. To combat such activity, the Project has taken the following actions:

- In Sumy oblast, the Project gave the survey firms an ultimatum: immediately stop the collection of additional monies from land share holders and finish titling work by December 31, 2002 or have your contracts terminated immediately. The Project has agreed with survey firms in Sumy that it will pay only for State Acts issued to people by that date; the Project will terminate the contracts after that date and will not pay for any additional work. The point is to make the survey firms and the local authorities choose between the Project's money and the citizen's money, and not to expect to be able to collect money for land titling work from both sources. As a method of control, the Project team and USAID representative will attend titling ceremonies in December to ensure that land share holders receive their State Acts and that citizens have not paid any more money to survey firms or local officials for the issuance of their State Acts.
- In Poltava oblast, the Project is conducting negotiations with the oblast State Administration to stop the collection of additional monies. Several meetings between the Project team and oblast representatives have resulted in a draft protocol that may help resolve the matter. However, there is substantial debate on the language of the protocol, which if not resolved by December 15, 2002 will result in the Project issuing the survey firms in the oblast an ultimatum similar to the one given to survey firms in Sumy. The deadline for completing work in the case of Poltava would be January 31, 2003.

In both cases, the Project will use the mass media, letters to village rada heads, site visits from its information agents, and all other means possible to distribute the proper information on the Project's policy regarding payment for preparation and issuance of State Acts.

IV. NEXT MONTH'S GOALS

Agricultural Land Titling

1. Sign contracts with private survey firms for the Odessa, Mykolaiv, and Volyn tenders, and Lviv bonus tender package.
2. Receive first digital datasets from survey subcontractors and load data into archive for testing and storage.
3. Try to resolve problems with the procurement, processing, and distribution of satellite imagery for use by subcontractors carrying out agricultural land titling. Work with ULRMC and Agency for Cartography and Cadastre to overcome obstacles.
4. Work with appropriate Ukrainian agencies and the NSDI Project in developing a national system for cadastral numbering in Ukraine.
5. Cooperate with World Bank on coordination of activities of each other's land titling projects.

Non-agricultural Land Titling

1. Make site visits to regional offices and work to accelerate the privatization of land and the issuance of State Acts.
2. Organize and conduct local and oblast seminars on non-agricultural land sales for enterprises and local governments.
3. Continue the implementation of the land auctions program.
4. Print the first issue of the NALT newsletter and distribute to local radas and state administrations.
5. Complete a final version of the manual on land auctions.
6. Develop brochure on purchase of non-agricultural land parcels for entrepreneurs.

Legal and Regulatory Work

1. Participate in the preparation of the first land auction in Yalta city.
2. Participate in seminars on non-agricultural land titling in Rivne and Zhytomyr and on agricultural land titling in Chernivtsi, Vinnitsa, and Rivne.
3. Attempt to admit into the Verkhovna Rada for consideration alternative versions of the Law on Delimitation of Land into State and Communal Ownership, the Law on Taking of Private Land for Public Purposes, and the Law on Land Market.
4. Interview applicants for the legal aid positions in five oblasts.
5. Conduct meetings with officials in the oblasts where the Project intends to open five legal aid centers.
6. Finalize the legal aid training program that will be held in January 2003.
7. Begin procurement process for equipment needed for establishment of the legal aid centers.

Public Education and Outreach

1. Organize and conduct seminars for the heads of village radas in Rivne, Vinnitsa, and Chernivtsi in December.
2. Prepare and print out the new 2003 calendars for the NALT team as promotional material.
3. Prepare and print out the new set of ALT leaflets, including the environmental leaflet required by the IEE Implementation Plan.
4. Conduct verification of the issuance of the state acts in the villages included in the Project using the team's information agents.
5. Begin preparation with the legal aid program manager for ceremonies in January and February 2003 to open the five new legal aid centers around Ukraine.

E. Tanzania Tax and Mining Policy, TO #813

Start Date: July 9, 2001

Completion Date: July 8, 2003

Amount: \$1,629,987.00

Project Update

This quarter the IBI team produced the first Annual Report (copy attached) and the main subcontractors continued implementing planned activities as outlined in the Year 1 workplan. The Project Management Unit finalized the transfer of vehicles for the project from USAID. A workplan was developed for Year 2 after consultations between IBI and all the program partners through a visit by IBI Training Director Patrick Henry. Finally, a Project Monitoring Plan (PMP) was completed at the request of USAID and submitted to the Mission. Finally, in a speech at the Tanzania Chamber of Mines annual board dinner, Minister of Energy and Minerals Yona formally thanked IBI for its work in the mining sector and asked for continued cooperation between his Ministry and the Project.

Activity One: Reviewing Trade Policies

Under this activity, TRA continued to implement the lessons learned under the August 2002 workshop held in Arusha. In addition to the training, TRA received from USAID 10 laptop computers for use amongst the various regional tax offices that were being trained. The PMU finalized the inventory of these computers and ran an audit to assure that all of them were still functioning and utilized.

During the visit of Henry, meetings were undertaken with TRA to discuss future training. (Please see the attached trip report.) At this point in time, TRA requested that the courses being conducted by Fiscal Policy Professors Shukla and Glenday include a practical portion by a mining accountant from the region or from South Africa. The reason behind this request is due to the fact that TRA believes that the courses have demonstrated the theory needed behind revenue collection. Now, TRA wants to understand how to access these excess revenues. In addition, TRA asked that Shukla and Glenday work with a team of nine individuals drawn from TRA, the Ministry of Finance (MoF) and the Ministry of Energy and Minerals (MEM) to do policy analysis work. Finally, TRA asked that Shukla and Glenday conduct a one day policy recommendations workshop for TRA, MEM and MoF high level staff including the Commissioners and Permanent Secretaries of these ministries. Further information about these courses is sketched out in the Next Steps section of the report.

IBI has been working since the initial phases of the Project to strengthen the activities of mining associations in Tanzania through a partnership with the Tanzania Chamber of Miners (TCM). In this quarter, TCM initiated a number of activities under the subcontract with IBI. The TCM Technical Officer completed the process of gathering preliminary data for the building of a web page and database for the Chamber. The task of building the web page and database will begin in the next quarter with the assistance of the IBI Information Technology Officers visit to Tanzania to assist the Chamber. Next, the TCM Technical Officer initiated a public education program for journalists. The initial activities were undertaken to plan a workshop scheduled for January 2003 that will teach journalists about the mining industry in general. This background

information is critical because journalists in Tanzania do not have specific economic or mining backgrounds. Often press reports about mining are filled with wrong or misunderstood notions and terminologies. During Henry's visit, he assisted the Technical Officer to think through a number of steps of the one-day workshop. Finally, the TCM has established a working group within the Chamber to explore ways in which large scale mining companies can work constructively with small scale miners. The objective is to maintain and create a maximum number of jobs in mining and related industries. This working group has the support of a number of large mining houses including pledges of resources from Geita Gold Mining Limited. The concrete steps of the Chamber will be formalized in the next quarter and implemented after that time. Further information on these activities is sketched out in the Next Steps section.

Activity Two: Reviewing Government Plans for Use of Mining Revenues

IBI has been working since the initial phases of the Project to strengthen the ability and capacity of the Government of Tanzania and civil society to appropriately use the revenues that will be generated from the mining sector through a partnership with the Economic and Social Research Foundation (ESRF), a local think tank. In this quarter, ESRF submitted to IBI for review an initial draft of a study for mining revenue investment. This study titled "Easy Growth – A Proposed Strategy for Investing Windfall Revenue from Mineral Exploitation" was authored by lead researcher B. Van Campenhout and Professor S. Wangwe at ESRF with inputs from PMU Head G. Nyelo and Professor G.P. Shukla. The study will be reviewed by IBI and completed by ESRF next quarter. Upon completion, the study will be presented to members of civil society in a workshop held by ESRF next quarter. In the following quarter, ESRF will hold a workshop for Members of Parliament to explain the document to them. Further information on these workshops is outlined in the Next Steps section.

Activity Three: Job Creation and Economic Diversification

IBI has been working since the initial phases of the Project to create jobs upstream and downstream in the mining industry through a partnership with TanDiscovery, a local mining industry consulting firm. During November, TanDiscovery undertook the first five days of a 10 day training with individuals interested in developing entrepreneurship skills. Many, but not all of the participants, were trained in a wire-wrap jewelry workshop in August-September 2002, part of the effort to create a cottage crafts industry linking mining and tourism. This training was targeted at individuals interested in learning new skills for running businesses related to the mining industry. The training was unique in its design because the 10 day format was broken up into training in November followed by a break until January 2003. During the training, participants were all registered as well as instructed in using internet and email. The break in training has allowed participants to go back to their enterprises and apply many of the new skills. In addition, the internet and email training has allowed the participants to stay in contact with the trainer. At the next training, the trainers will focus on solving real life problems the participants face so that barriers to business growth are overtaken. Further information on these workshops is outlined in the Next Steps section.

During October and November, the PMU and TanDiscovery discovered that larger scale mining companies were not relinquishing their claims to mining concessions. Under Tanzanian Law, the relinquishing of mining concessions was to occur on a normal basis if these concessions were not in use. However, large scale mining companies were continuing to hold these concessions through a loophole in the regulations. Once the concessions ended companies were simply reapplying for the concessions through third parties or affiliate companies. Instead of land becoming available for small scale miners (SSMs), the large mining companies were able to effectively continue to hold the land without developing it. This practice squeezed out legal small mining and causes the loss of many jobs. The PMU and TanDiscovery crafted regulations to ensure that once large scale mining company concessions expired that the land would be open to SSMs. These regulations were submitted to the MEM and accepted in November. The regulations are scheduled to come on-line in January 2003, so results will be reported in the following quarter. Further information on future activities will be outlined in the Next Steps section.

TanDiscovery continued its work with the TCM to build bridges between large mining companies and SSMs. At the annual TCM Board dinner, the Minister of Energy and Minerals specifically asked TCM to take concrete steps in this regard. The work of TanDiscovery and TCM is a unique synergy that has arisen in the Project. The Principle of TanDiscovery is the Chair of the TCM working group. Thus, together these two organizations are working to ensure that the technical know-how of larger mining companies builds future capacity in Tanzania.

TanDiscovery undertook an April 2002 training of MEM zonal mining offices extension officers through a small pilot program. These officers had been tasked with assisting miners in their zones, but before the project intervention did not have the training or resources to undertake these tasks. Due to the donation of vehicles to the project from USAID, the ability of TanDiscovery to reach remote officers was increased. During this quarter, the officers worked with SSMs to develop safer and more environmentally sound mining practices through training. Specifically, the officers worked in the Geita region. In addition, TanDiscovery continued to work directly with the Tanzanite miners in Merelani to identify safer and more environmentally sound mining practices, building upon the recommendations made after the accident there. In both cases, TanDiscovery and the officers have provided valuable new business information to SSMs that they were not receiving before. This new information on safety ensures that the miners are able to conduct their work in a manner which ensures longer term exploitation of resources, greater recovery of minerals, and less negative environmental impact. Further information on these workshops is outlined in the Next Steps section.

TanDiscovery began the initial steps in this quarter of identifying areas where interventions might mean that local communities benefit from the activities of larger scale mining companies through service provision. This activity is in its nascent stages and will be more fully developed in the coming quarters. However, initial areas and communities are being identified and targeted.

Activity Four: Improved Environmental Impact of Small Mining

SSMs generally use very environmentally harmful practices to extract minerals, as other methods are unfamiliar to them. In the training of extension officers, TanDiscovery included an environmentally safe mining practices component. This piece of training included providing zonal mining offices with public education materials consisting of manuals and posters to demonstrate these practices. Due to demand, TanDiscovery is in the process of printing additional copies of both the manuals and the posters. The manual was originally designed for a World Bank project but copies had long since been used up. In order to save money, TanDiscovery simply reprinted this manual and will contract a second printing for next quarter. The posters were developed using the latest information about environmentally friendly mining practices. These posters will be reprinted as well. Finally, TanDiscovery is in the process of completing a best practices video aimed at SSMs. The filming was finalized in December and will be edited in the next quarter. The aim of the video is to be used as a teaching aid for SSMs.

Policy Issues

Tanzanite

There has, in fact, been considerable progress on the ground in Tanzania with regard to the implementation of the Tucson Tanzanite Protocols. The Government of Tanzania (GoT) began working on the issue immediately after the Tucson Summit last year. There was a national commission to study all issues among all actors in Merelani, after which the GoT introduced some legislative modifications designed to facilitate new security measures to enforce the Merelani Controlled Area provisions. The Tucson Summit agreed that it would be appropriate to set up a documentation chain including dealers' warranties, an export permit with language mentioning that the Tucson Protocol had been respected, and possibly also Certificates of Origin. Dealers who attended the Tucson Summit returned to Tanzania and agreed on appropriate language for the Dealers' Warranties--which was sent to the Jewelers' Vigilance Committee, JA and AFTA and deemed appropriate. The TAMIDA standard form began being used by TAMIDA member dealers in August 2002 and AFGEM similarly warranted all of its exports.

The Export Permits began being stamped with a warranty that the tanzanite had been legally mined and exported from Tanzania in conformity with the Tucson Protocols. While the agreement was there from February on, the language was so long that it required specially made stamps. By August 2002, the stamps had been procured and were in use. Any rough tanzanite imported directly into the US, and any tanzanite cut in Tanzania and then imported to the US should have those two documents, as of at least September 1, 2002. Many dealers have reported receiving properly warranted tanzanite, and both TAMIDA and the Ministry of Energy and Minerals in Tanzania have assured us that all exports are being documented with those two items mentioning the Tucson Protocols.

The only piece of documentation not yet in place is the Certificate of Origin, which should not

be a major issue, as there is currently only one known country of origin for tanzanite. For perfectly legal shipments to the US there may be no Certificate of Origin, as the US does not require such certificates for tanzanite. India and South Africa are the two main importing countries that require a Certificate of Origin. The Government of Tanzania has decided to create a Tanzanite Board, which will be authorized to issue Certificates of Origin. That decision and the actual creation of the board have taken some time, which is why Certificates of Origin mentioning the provisions of the Tucson Protocols do not yet accompany every shipment.

Another concern is that dealers in the processing chain, particularly when goods are broken into different parcels in the cutting, polishing and manufacturing process, may run into a break in the chain of documentation. Much of that processing takes place in thousands of small shops in India, and there has apparently not been sufficient awareness-building there. The AGTA will focus on that at the ICA show in Jaipur, India in January 2003.

Tanzania is also progressing on the difficult matter of building the infrastructure necessary to control access to the several hundred small mines in Blocks B and D in Merelani. Most of the mines in Block B were closed following a serious mining accident in June 2002, in which 39 miners died. That resulted in an economic slump for the mining industry in and around Merelani. Many brokers and miners have been out of work or have left the area. Mines in Block B are being allowed to reopen one by one, as they pass safety inspection. Mine owners have been issuing ID cards to all of their legal workers. The order to fence the area has been issued, and a budget request has been prepared for funds to build new police stations and equip and staff control points on all three roads leading to the mines. The fencing and security measures are quite costly. It is taking some time to figure out how to pay for it all. Meanwhile mining in Block B

is resuming gradually. Blocks A, D, and C were not affected by the shutdown.

Project Management Unit

Godwin Nyelo continued to serve as the in-country Program Manager for the project at three-quarters time. Nyelo is on loan from MEM and continues to work there one quarter time. In addition, Aziza Bukuku continues to serve as Project Assistant due to the Nyelo arrangement. During this quarter, the PMU accounted for all project related equipment donated to MEM and TRA including laptop computers and printers. The equipment is on loan to both organizations for the duration of the project and continues to be the property of IBI. A spreadsheet of this information is attached to the report. Also, PMU successfully registered the two project vehicles given to IBI. One vehicle is used by TanDiscovery to facilitate the work of the extension agents through training and the other vehicle is used by the PMU.

In addition to these tasks, PMU and Henry facilitated the development of the Year 2 Workplan. The Workplan was discussed with all the subcontracting partner organizations including TCM, ESRF and TanDiscovery as well as with MEM, MoF and TRA. The Workplan outlines the

activities that will be undertaken in the projects leading up to the period of project completion by IBI as well as the projected dates of these activities. A copy of the workplan is included as an attachment.

In addition to the Workplan, IBI was asked by USAID to develop a comprehensive performance monitoring plan for the program based upon an outline provided by USAID. The plan was developed during the visit of Henry with the assistance of Nyelo and Sezinga. After completion, the plan was submitted to the USAID CTO. A copy of the plan is attached to this report.

Next Steps

In the first quarter of 2003, the COP and partners will continue working on the following:

- In February 2003, IBI IT Officer McCafferty will travel to Tanzania to work with TCM, MEM and TRA staff to follow-up on training conducted in August 2002.
- In January 2003, TanDiscovery will conduct the second half of the entrepreneurship training began in November 2002.
- In March 2003, Professors Shukla and Glenday will conduct a TRA tax assessor training, MEM, MoF and TRA tax analysis training and a MEM, MoF and TRA tax policy recommendations workshop.
- In February 2003, ESRF will complete its study on investing mining revenues.
- In March, 2003, ESRF will conduct a civil society workshop to highlight the key points of the investing mining revenues study.
- In March 2003, TanDiscovery will conduct Cabochon training with interested individuals.
- In January 2003, TanDiscovery will edit the safety training video and prepare it for final production.

F. USAID/Moldova Financial Management Training and Advisory Activity (FMTAA), TO #815

Start Date: September 1, 2001

Completion Date: August 12, 2003

Amount of Delivery Order: \$2,212,570.00

HIGHLIGHTS OF ACHIEVEMENTS TO DATE

Since startup in September 2001, the Financial Management Training & Advisory Activity has provided training to 5,156 accountants, auditors, and university faculty members in 334 seminars. To date, the Financial Management Training and Advisory Facility has generated gross revenue of over 315,000 Moldovan Lei (\$22,500), deposited to the ACAP

Development Fund bank account. The project has assisted in the development and publication of 5 guides, “Practical Guidance to Accounting Principles and Financial Accounting,” “Cost Accounting Guide,” “Guide for the Accountant of an Entrepreneurial Agricultural Cooperative,” “Theoretical Guidelines and Practical Materials on Accounting,” and “Basics of Accounting”. The project has also provided advisory services on various issues related to accounting and taxation to 169 practicing accountants. Eight CPCs (Certified Professional Accountants) qualified during ACAP’s December 2001 examinations. The Association of Professional Accountants and Auditors of Moldova achieved a total number of 243 members as of December 31, 2002. Additional details on these and other project achievements are discussed below.

SPECIFIC ACTIVITIES

This section covers progress against six deliverables as stated in the project scope of work.

1. Establish Financial Management Training and Advisory Facility (Task 1).

The Financial Management Training and Advisory Facility (FMTAF) was established in November 2001.

2. Provide training in financial and managerial accounting, audit engagement procedures, internal audit, non-profit accounting, and accounting information system (Task 2).

- FMTAF continued the marketing campaign in the mass media promoting its seminars/training courses and advisory services during October-December 2002.
- During October - December 2002, 51 seminars were conducted in Chisinau, Ungheni, Balti, Hincesti, Nisporeni, Orhei, Edinet, and Causeni. 1,344 participants, including faculty members of higher educational institutions, accountants, and auditors, were trained in financial, managerial, tax accounting, audit, and financial management.
- During the period of October - December 2002, FMTAF generated gross revenue of over 100,000 Moldovan Lei (\$7,200). The ACAP Development Fund bank account, to which all fees paid to FMTAF are deposited, is reconciled monthly, with all disbursements approved by and coordinated with the Chief of the Party and the Board of Directors of the ACAP.
- During November 2002, FMTAA continued its new beginners’ course on “Principles of Accounting and Taxation” in Russian and Romanian (150 hours). In total, 40 participants (23 – Russian, 17 - Romanian) attended these courses. The Russian version of the course ended on November 15 and the Romanian course on December 10, 2002.

3. *Assist the Academy of Economic Studies of Moldova (ASEM) in its accounting and audit curriculum reform effort and strengthen its partnership with the University of Nebraska at Omaha (UNO) (Task 3).*
- During October - December 2002, FMTAA assisted ACAP and AESM in developing a project proposal for the FREEDOM Support Educational Partnerships Program. Applying for this program is part of the FMTAA exit strategy which addresses raising the necessary funds needed to sustain some of the programs which have been developed through USAID assistance. The main goal of the proposal is to further develop the FMTAA/Center for Continuous Education (CIPC), which will strengthen its cooperation with the Association of Professional Accountants and Auditors of Moldova (ACAP), Academy of Economic Studies of Moldova (AESM), and University of Nebraska at Omaha (UNOmaha) in the areas of accounting and auditing. Several meetings were held with representatives of AESM and ACAP and coordinated with UNOmaha to discuss the main objectives of the proposal and the way these fit within the range of activities of these organizations. FMTAA assisted in preparing the annexes and supporting materials to be attached to the proposal. The final draft of which was elaborated, verified and updated by FMTAA specialists. UNOmaha submitted the application to the US Department of State, Bureau of Educational and Cultural Affairs on December 5, 2002. FMTAA specialists are currently elaborating a summary of the grant proposal, which will be presented to other potential donors.
 - During the month of November FMTAA continued to technically support AESM in the development of a new accounting curriculum.
 - In November 2002, AESM and FMTAA professors continued working on the second, revised edition of the “Financial Accounting” manual. Two additional chapters based on the newly adopted NAS shall be included in the textbook – “Accounting for Leases” and “Accounting for Intangible Assets”. The manual will be ready for printing in March 2003.
 - FMTAA supported the development and publication of the following guides: “Theoretical Guidelines and Practical Materials on Accounting” (by V. Turcanu and A. Iachimovschi) and “Basics of Accounting” (by V. Turcanu and E. Bajerean). The manuals will be used as supplementary practical guides to the Needles’ “Basic Accounting Principles” textbook.
 - Based on a recommendation from UNOmaha, a new 20-hour course “Introduction to Business” has been developed and introduced within the new Accounting curriculum for first year students. Professor A. Nederita/FMTAA Accounting Methodology Advisor taught the course to 90 AESM students.

4. *Provide financial management advisory services to enterprises to improve financial management capacity (Task 4).*

- During October – December 2002, 32 pro bono consultations on financial and tax issues were provided to 26 accountants of private sector enterprises.

5. *Promote Use of Accounting Information Technology (Task 5).*

During October - December 2002, the Task 5 Team:

- Provided training in Accounting Software:
 - 1C Account Timbal - continued to utilize FMTAA's training facility.
 - Grossbuh – based on our recommendation a security review of Grossbuh's latest software version was performed. The review identified several weak areas for which Grossbuh is currently finding solutions.
- During October - December 2002, 54 people were trained (40 hour course) in the use of accounting software both through lectures and hands-on training, of these 22 were trained in Accounting Software 1C, 24 in Basic Computer Skills, 8 in Advanced Computer Skills. In addition, 45 persons attended the comparative demonstrations of software packages.
- During October 2002, worked in conjunction with Ken MacLeod, FMTAA short-term consultant on developing long-term financial module for the training center.
- Continued the development of an Advanced C1 curriculum.
- Supported the extraordinary annual meeting of ACAP members.
- Performed general maintenance of FMTAA and ACAP information system.
- Performed data backups of FMTAA.
- Updated anti-virus definitions.

6. *Financially support ACAP in staff salaries, office rent, and updating the certification program; and develop a partnership between ACAP and a US, Canadian, or Western European accounting and audit SRO (Task 6).*

- Staff salaries and rent of ACAP were paid for the period of October - December 2002.
- Financially supported an extraordinary annual meeting of ACAP members, which was held on November 16, 2002. The key decisions voted upon by the assembly were the election of a new Board of Directors and the changes in the terms of the charter.

This extraordinary meeting was held to elect 6 BOD members because the terms of the previous six members had expired. One key issue that mandates this extraordinary meeting, and is a major contributing factor to the situation at ACAP, is the wording of the original charter developed in 1996. The charter mandates that the decisions of the General Meeting of the membership have present 50% of the members who have the right to vote for any decision that is made at this meeting to be legitimized. Further, it states that there must be at least 75% agreement to modify the terms of the charter. ACAP's membership grew significantly in 1998 – 2000, (from 300 to over 1500). This rule was buried in the charter until 1999 when it became an issue. Because of the high standard needed to meet this rule, board members were not able to be elected and terms expired. Recent legal advice to ACAP has found a way to meet this requirement at the November 16, 2002 Extraordinary Membership Meeting. A mandatory re-registration was performed at the meeting. All members were invited to the meeting by registered mail. In the invitation it was made clear that only those who complete this re-registration process would continue to be members and have the right to vote. Requirements of registration were to update personal information and dues to be current. Therefore, it was considered that 100% of the members were present at the meeting. Further, the meeting voted to change this article in the charter so that this is not an issue in the future.

Based on this meeting ACAP has 243 members as of December 31, 2002. There will be a membership campaign to contact those members who were not at the extraordinary meeting to re-register as those in attendance have done. Most of these members have dues in arrears and will need to become current. This membership campaign will address the needs of its members in an attempt to motivate these unregistered members and remind them of why they became a member in the first place.

- On November 22, 2002 a meeting of the newly elected ACAP BOD was held. The new board developed a series of committees on: certification, education, accountancy profession development, membership, nomination and election, treasury, ethics, publications and public sector. In addition, they elected a new chairman of the board.
- In accordance with the Ministry of Justice (MOJ) decision ACAP registered the minutes of the extraordinary meeting, the changes to the charter voted upon by the assembly, and announced the new ACAP Executive Director - Mr. Iurii Varlan. This information was filed at the MOJ on November 29, 2002. The result of this filing is due from the MOJ in January 2003.
- ACAP and FMTAA representatives participated at the SEEPAD Council meeting held on November 7-8 in Belgrade, Yugoslavia. The agenda of the meeting included the following issues: harmonization of the SEEPAD and its member bodies with IFAC requirements, SEEPAD regional approach to the accountants' education harmonization,

and preparations for the Second General Assembly Meeting in Chisinau, Moldova, which will take place during the last week of June 2003.

- Two ACAP representatives attended the annual Russian Congress of Accountants and Auditors “Accounting, taxes and audit - 2002” that took place on December 2 – 3, 2002 in Moscow, Russia. The Congress was dedicated to the 5th anniversary of the Russian Institute of Professional Accountants.

QUARTERLY FINANCIAL UPDATE:

Authorized Expenditures:	\$2,212,579
Actual Expenditures:	\$ 793,630
Balance:	\$1,419,139
Balance in Days:	1,526
Estimated Completion Date:	8/12/03

G. Technical Support for Procurement and Project Management and Private Sector Participation (PSP) to the Ministry of Water and Irrigation, Water Authority of Jordan and the Jordan Valley Authority, TO #814

Start Date: August 6, 2001

Completion Date: August 31, 2003

Amount of Delivery Order: \$1,530,072.50

Introduction

This report presents a summary of the activities of the Jordan Technical Assistance for Procurement, Project Management, and Private Sector Participation Project (TAPS) during the period October through December, 2002. The report highlights significant work undertaken and accomplishments realized.

Project Activity Summary

Wadi Mousa Management Contract Technical Assistance

- Evaluation of Technical Proposals. A series of sessions were held by the Technical Evaluation Committee to evaluate the technical proposals submitted by the four bidders. The bids had been submitted on September 29, 2002 according to schedule.
- Preparation of Technical Evaluation Report. At the conclusion of the technical evaluation process, an evaluation report was prepared and submitted on October 17 by the technical evaluation committee to the steering committee. The report conveyed information that all four bidders had successfully passed the technical evaluation phase.

- Opening of Financial Proposals. On October 21, the technical evaluation committee prepared a letter of invitation for the Steering Committee to be sent to the bidders for the attendance of the financial bid opening session. The letter was sent to the bidders on the same day.
- Preparation of Final Evaluation Report. On October 22, the financial bids were opened. The technical evaluation committee was tasked to perform the evaluation of financial bids. This phase was concluded by the preparation of the final evaluation report on October 27, which was sent to the Steering Committee on the same day. It conveyed information regarding the selection on the lowest responsive bid to be considered for the contract award.
- Steering Committee and the Cabinet Approvals were obtained for the contract award, as well as the preparation of the final version of the contract. Embarking on such tasks was held in abeyance pending MWI/WAJ and USAID discussions including the consideration of various options and alternatives for this contract.
- Upon the wish of MWI/WAJ and following deliberations between MWI/WAJ and USAID this contract was cancelled on grounds of the lack of cost effectiveness of the project in its present configuration. Bidders were notified in writing, of the cancellation. They were also informed that alternatives were being explored including the expansion of the scope of the project to include the three southern governorates of Ma'an, Tafila and Karak.
- Southern Governorates Study: Upon USAID's request, a cost estimate and a workplan (Gantt Chart) for the Southern Governorates PSP Program were prepared by TAPS and submitted for review. USAID's response is being awaited.

Aqaba PSP transaction technical assistance

- Aqaba Water Company (AWC) pre-feasibility study. TAPS team worked with the assistance of the short-term consultants to prepare the engineering, financial, legal, and institutional analyses. This necessitated holding a number of meetings with MWI and WAJ staff in a continual effort to obtain input and feedback, while at the same time update them on the progress and findings in the course of the study. The aim of this exchange of information was to design a report that would assist MWI/WAJ in presenting different PSP options for the Aqaba water sector. Such options would best serve all stakeholders in achieving the unified goal of modernizing the Aqaba water sector under a PSP environment. Other meetings were held with USAID, TSG ATASP project staff, Ministry of Finance, ASEZA, and Bechtel for the same purpose.
- The reports were reviewed by TAPS team in a step towards preparing a wrap up report.
- Continuing to review the draft reports of the short-term consultants, while updating the MWI/WAJ counterparts on the progress and receiving contributions from their side for incorporation in the final draft of the report. This process was seen as a necessary step, before coordinating with ASEZA, so that MWI/WAJ's view point is conveyed in full to all parties including ASEZA.
- Coordinating with ASEZA and Bechtel:

The first Coordinating Committee meeting was held in ASEZ on November 12 with the following objectives on the agenda:

1. Defining the roles and responsibilities of the Coordinating Committee.

It was agreed that the Committee would act as a sounding board and in the developmental process of the Aqaba region water facilities. It would be functioning on a non-combatant basis where freedom of expression would be welcomed. It would also be working to develop a collective vision for the good of the country as well as for the whole region. TAPS' role was also made clear to the attendees, which is to research the present operational status in Aqaba, develop the required operational processes to achieve public company status, and assist in implementing the steps as approved by the Committee. It would then develop a vision of alternatives with the recommended practice as evolution plateaus and stabilizes. In performing the said duties, TAPS would be freely interacting amongst all Committee members.

2. Nominating a coordinator. All participants agreed to appoint Mr. José A. Valdez, TAPS Technical Advisor as Coordinator for the Committee.

3. Updating the Coordinating Committee members on the latest status of the prefeasibility study being performed by Chemonics' TAPS project.

The Committee Coordinator/TAPS TA continued his efforts by collecting information from ASEZA and Bechtel in order to finalize the draft PF report taking into account the views of both ASEZ and Bechtel as well as MWI.

- Coordinating with USAID. The TAPS team facilitated the integration of ideas; USAID was continually briefed on the progress of the PFS. The upcoming workshop was held in December 2002. The main frame of the PFS report was presented to USAID and agreed upon. USAID recommended that the package be modified as the workshop proceeded allowing the participants to raise, and establish a consensus on, various relevant issues. The expectation from this workshop was that at the conclusion of this event, all parties will have contributed to the final report that will be ready at the beginning of 2003. Such a report was submitted to USAID for approval before distribution to the concerned parties. USAID also expects that all parties should walk out of the workshop with the feeling that some concrete results have been reached.
- The short-term consultants held a final round of meetings with MWI/WAJ staff for the purpose of refining their draft reports. These reports were reviewed by the TAPS team and Chemonics home office. During this process MWI/WAJ counterparts' input was sought and incorporated in addition to input from USAID, thereby ensuring that MWI/WAJ's intentions would be conveyed to ASEZA in full.

- A presentation was prepared based on the information in the draft preliminary report in preparation for the workshop that had been previously scheduled for the AWC Coordinating Committee.
- On December 17, a one-day workshop was held at the Aqaba Movenpick where the CC members attended, plus other attendants from TSG/ATASP, Bechtel and TAPS. The purpose of the workshop and meeting was to present and discuss the preliminary results and findings of the Aqaba Water Company (AWC) Prefeasibility Study (PFS). It was also intended to discuss any additional ideas and inputs mainly from ASEZA and Bechtel. Such issues would then be incorporated in the preliminary draft due to be distributed to the CC members in early January 2003. It was also the intention of TAPS to have all CC members reach a consensus on the various issues discussed in the workshop, as well as the next steps to be embarked on.

The workshop was conducted successfully with conclusions summarized as follows:

1. The prefeasibility study (PFS) has tackled the technical, financial, legal, and institutional aspects involved in the establishment of AWC. It has become clear that the establishment of this company as a government owned, commercially operated limited liability company is a viable option capable of meeting the expectations of all the stakeholders' objectives in the modernization of the water sector utilities in the Aqaba Governorate including ASEZ.
2. Operating this company efficiently will certainly pave the way to a successful private sector participation, especially since the study has clearly proven that there is no imminent need for investment, and so time constraints on enhancing the efficiency of the company do not exist.
3. Enabling the stakeholders to utilize this option in the most efficient way requires a proper address and management of the various concerns detailed in the PFS all through the developmental process and after the establishment of the AWC. Such concerns include the following:
 - Logistical and strategic issues (sustainability of water supply for both ASEZ and the rest of the Aqaba Governorate, accommodating for the future investments in other sectors).
 - Environmental and health issues (water quality, treated wastewater reuse, disposal of the highly saline "reject" water from the future desalination plants, wastewater plants sludge disposal).
 - Financial issues (tariff increase and/or government subsidy to counterbalance the Disi bulk water sale to AWC, the increase in O&M cost due to the introduction of the new WWTP and the desalination plants, future W&WW rehabilitation programs, and the provision of water without fees to select villages).

- Legal issues (the laws for establishing and governing the operation and management of the AWC, ownership of assets, selecting representation on the board of directors, manpower and labor, key legal agreements, regulatory framework)
- Institutional issues (means of institutional strengthening, UFW reduction strategy, introduction and management of complex technologies, staffing imbalances, incentives, governance structure, selection of best practices in corporate governance, prioritizing the areas of organizational development)
- PSP issues (discussing the most appropriate PSP option for the future investment).
- Memorandum of Understanding. There are interconnected mandates, rights, duties and responsibilities of both MWI/WAJ and ASEZA according to the pertinent laws of both parties, with regards to the ownership, management, and control of the water sector utilities (water and wastewater) in their future modernized form. This necessitates the existence of a document defining the relationship between both parties in exercising their rights and carrying out their mandates, duties, and responsibilities in the best manner leading to a unified effort that would ensure the achievement of the common objectives most efficiently. Such a document will be in the form of a Memorandum of Understanding (MOU). TAPS project shall take the responsibility of drafting this MOU, which will consolidate contributions from both ASEZA and MWI/WAJ and their supporting parties/consultants as well as USAID. An MOU in a draft form will be submitted by TAPS to the CC members by mid January 2003 for discussion and addition of members' contributions to its content.

1. Implementation Stages – the implementation plan and the next steps that TAPS envisaged as part of the creation of AWC were presented and discussed. The timetable included the submission of the draft preliminary report to the committee members on January 5, a proposed session on January 16, 2003 to discuss comments on the report and a list of topics for the MOU, and a follow up meeting to present the final version in the first week of February 2003 on which occasion a draft version of the MOU would also be presented for discussion.
2. With the support of Chemonics home office and the participation of the short term consultants, TAPS team prepared a general framework of an MOU which will be submitted to USAID for review and comments prior to discussing it with MWI/WAJ, ASEZA and Bechtel.

H. Romania Environmental Management Services, TO#806

Start Date: September 30, 2001

End Date: July 31, 2002

Amount of Delivery Order: \$1,030,522.00

GENERAL ACCOMPLISHMENTS

On the occasion of the Mid-term Seminar, in the first week of October, Chemonics staff, subcontractors and representatives of the partner enterprises exchanged views and experiences and reported achievements.

Project staff met with the management of the Environmental Inspectorates in Oradea and Cluj. The environmental inspectors in these two project locations offered to present their perspectives on changes perceived in the participating organizations following the EMS & P2 project implementation.

In November, internal EMS auditors to be were trained in all partner enterprises. Then, the newly-trained auditors conducted a preliminary EMS audit with direct help and under the supervision of the Romanian EMS subcontractor. Audit reports were prepared and submitted to top management of the partner enterprises. Environmental inspectors in both project locations participated in the training.

Management review meetings took place in December with participation of general managers or their appointees. Action plans to solve the non-conformities detected during the preliminary audit were discussed with top management.

SPECIFIC ACTIVITIES

I. Phase II - EMS/P2 Implementation and Demonstration

Task II. 2 : Pilot implementation

Intense preparations were undertaken by all parties involved for the preliminary audit. Specific questionnaires were developed for auditing the EMS and pertaining documents and the P2 programs. The questionnaires were discussed at length between the Romanian FO staff and the subcontractors and input was requested and received respectively from the US EMS and P2 experts. The Romanian EMS subcontractor developed training materials for the internal auditors. The internal auditors appointed by the participating organizations were trained for one day. Environmental inspectors in both project locations participated in the training, but not in the actual audit. Chief Environmental Inspectors in Oradea and in Cluj offered that environmental inspectors provide their perception of changes occurred in the participating organizations, following the implementation of the EMS & P2 project. Training was followed by an “on-the-job” demonstration preliminary audit, under the supervision of the Romanian EMS subcontractor. The EMS subcontractor prepared the audit report and the FO staff helped the auditing teams to develop action plans to solve the non-conformities. The audit was appreciated by the participants as a useful exercise.

Preparation of the EMS system documents proceeded on a more intense pace. To help the

participants to develop the system documents, the Romanian EMS subcontractor developed specific procedures and procedure templates.

In December the results of the preliminary audit were reviewed by top management. In three of the participant organizations, the general managers chaired the meetings. In the other two organizations, the meetings were chaired by managers appointed by the top management. Action plans to solve non-conformities were discussed with top management. Most of the non-conformities, dealing with the development of the EMS procedures, will be solved by the end of January 2003.

QUARTERLY FINANCIAL UPDATE:

<i>Authorized Expenditures:</i>	<i>\$1,030.522</i>
<i>Actual Expenditures:</i>	<i>\$670,838.08</i>
<i>Balance:</i>	<i>\$ 359,683.92</i>
<i>Balance in Days:</i>	<i>1,191</i>
<i>Estimated Completion Date:</i>	<i>7/31/03</i>

I. Eritrea Economic Growth, Food Security and Enterprise Development Assessment, TO#818

Start Date: August 10, 2002

End Date: October 15, 2002

Amount of Delivery Order: \$198,584.00

Chemonics provided a team of four short-term consultants to undertake an assessment of past enterprise development and micro-enterprise activities. The team made recommendations on how the Mission might expand and improve these programs based on lessons learned in previous activities. The team also provided contributions to the debate on the direction and content of USAID/Eritrea's development assistance activities in the area of economic growth and food security as the Mission prepares its new ISP.

The final report is attached.

J. East and Central Africa Global Competitiveness Hub, TO#819

Start Date: September 16, 2002

End Date: September 15, 2003

Amount of Delivery Order: \$1,499,933.00

I. Background

In September 2002, Chemonics was issued a one year contract by USAID/ REDSO (Regional Economic Development Services Office) to provide assistance in establishing the East and Central African Global Competitiveness Hub (Hub) in Nairobi, Kenya as a task order under the General Business Trade and Investment indefinite quality contract (GBTI).

The purpose of this yearlong program is to reinforce regional efforts to enhance East and Central Africa's trade competitiveness and thereby take greater advantage of the increased trading opportunities provided by the Africa Growth and Opportunity Act (AGOA) and other global trade initiatives. East and Central Africa (ECA) has the potential to enhance its economic growth prospects and therefore improve the lives of the majority of its people through increased trade. Eighteen countries are included in the Hub.

In October 2001, President Bush announced the Trade for African Development and Enterprise (TRADE) Initiative to assist African businesses to take better advantages of AGOA. In order to foster and advocate public/private dialogue under the President's TRADE Initiative, to assist with needed policy and regulatory changes, and to facilitate transactions, USAID created three regionally defined global trade competitiveness hubs. Each hub is under the direction of USAID's regional offices: WARP (West Africa Regional Program, Bamako, Mali but the Hub will be located in Accra, Ghana), RCSA (Regional Center for Southern Africa, Gaborone, Botswana), and REDSO (Regional Economic Development Services Office, Nairobi, Kenya).

The role of the ECA Hub is to:

- *Strengthen the capacity of ECA countries to participate more effectively in the multilateral trading system, including WTO Doha Development Agenda negotiations.*
- *Develop and implement private sector business support strategies for increased trade under AGOA (The Africa Growth and Opportunity Act).*
- *Facilitate the effective implementation of customs reform and trade facilitation initiatives to promote the creation of a more globally competitive ECA region with a specific focus on the COMESA Free Trade Area.*
- *Improve the efficiency of the regional transportation networks and develop mechanisms to reduce transportation costs related to trade.*
- *Provide information to regional trade stakeholders as well as serve as an information coordinator between the various trade, investment, and finance organizations active in the region.*

II. Objective

The Hub is a project under REDSO's Strategic Objective 5 (SO5), Enhanced African

Capacity to Achieve Regional Food Security. The Hub's work will contribute to SO5 Intermediate Results (IR), namely:

- Strengthened regional organizations
- Improved regional availability of appropriate technologies/practices
- Increased networking and cooperation
- Selected policy, regulatory, and procedural changes advocated by African partners

The value and duration of the Hub's activities dictate an implementation strategy that largely focuses on leveraging near-term opportunities, i.e., those possible in less than one year. Those, to which the Hubs limited resources can add the missing ingredient, be they of a policy/regulatory nature, trade transactions, or training programs. Though the strategic focus on the near-term is driven by the realities of the contract, the Hub team must still think of the medium (one to two years) and long-term (beyond two years), and undertake actions geared towards achieving some desired result even if that result is beyond the scope of one year provided by the contract.

The Hub has three strategic Objectives or major components:

1. Building Capacity for Trade Policy Formulation and Implementation.
2. Developing and Implementing Private Sector Business Support Strategies for Increasing Trade under AGOA.
3. Improving the Efficiency and Reducing the Cost of Trade Related Transportation.

A goal common to all three components, is strengthening the capacity of public and private sector entities through targeted training and promoting public-private partnerships in the formulation and implementation of policies and practices facilitative of efficient trade.

The fourth component, Project Management and Monitoring and Evaluation, is meant to ensure the project is making progress towards meeting its overall economic development goal.

Key partners in the region include COMESA (Common Market for East and Southern Africa), located in Lusaka, Zambia and TTCA (Transit Transport Coordinating Authority of the Northern Corridor) located in Mombasa, Kenya.

III. Activities

During the period from October to December 2002 the Hub concentrated on the development of the first work plan. There have been no additional changes to the work plan since December 2002.

The following key developments took place during the quarter:

October 2002	Launch of ECA Hub in Nairobi.
November 2002	Consultations held with the COMESA Secretary General and his key staff to review the Work Plan of the Hub to ensure consistency with COMESA's own program and priorities.
November 2002	Consultations with TTCA Executive Secretary and his senior technical staff and agreement reached on priority activities and general approach.
November 2002	Consultation with USAID regional and bilateral mission directors.
December 2002	First regional workshop of stakeholders of the ECA Hub held in Nairobi to review Work Plan and coordination and reporting arrangements.
December 2002	Work Plan given to USAID
January 2003	AGOA Forum held in Mauritius involving key African, US government, US private and African and regional officials. Hub participated in the trade initiative booth which included the West and Southern Hubs, GTN and USAID AIDS awareness program, and a web based export facilitation program.

A. Building Capacity for Trade and Policy formulation

The trade capacity strengthening and policy formulation component aims to enable ECA countries to participate more effectively in the multilateral trading system with a greater ability for negotiating the rules of trade in goods and services with the WTO, including the WTO Doha Development Agenda and COMESA. In addition we have an objective to increase awareness of and ability to respond to economic development issues and development policies associated with regional economic integration and the COMESA FTA.

Key Developments

Preliminary contacts and planned activities and results for the quarter.

The Hub will consult with COMESA, relevant trade policy officials and representatives of

organizations responsible for promoting trade, investment and regional integration to identify key trade issues, negotiation targets and timing for preparation for the WTO ministerial in Cancun in September 2003.

Actual Quarterly activities and results for the quarter.

The Hub provided assistance to COMESA on research and policy formulation its position on integration and regional trade –related topics in preparation for the AGOA Forum.

Planned activities and results for the forthcoming quarter.

Activities planned include training on negotiations on trade in services as requested by COMESA, and training on public relations and communications for the COMESA secretariat. The Hub will focus on issues relating to increasing FTA membership in the COMESA region and increasing membership on the WTO Information Technology Agreement.

B. Developing and Implementation Private Sector Business Support Strategies for Increasing Trade Under AGOA

The purpose of this objective is to ensure that ECA countries take full advantage of AGOA and other regional and international market opportunities and to increase trade and business between US and the region.

Planned activities and results for the quarter.

.Prepare and disseminate information on the 2004 deadline for sourcing non-regional fabrics and the opportunities under AGOA for the use of regional fabric and assist in preparing and mobilizing the participation of the Hubs, regional governments, private sector organizations and COMESA at the AGOA forum in Mauritius.

_Assist in preparing and mobilizing the participation of the Hubs, COMESA, governments, and private sector groups of the East and Central Africa region at the AGOA Forum in Mauritius. This objective will include the establishment of a dialogue with Trade and Investment Ministers and other representatives to the AGOA Forum about the issues they would like to see addressed and the resolutions they would to see made at the AGOA Forum in Mauritius in January 2003.

Actual Quarterly activities and results for the quarter.

The Hub provided information on the 2004 deadline for sourcing non-regional fabrics and the opportunities under AGOA for the use of regional fabrics to relevant ministers and private sector official attending the November Ministerial meetings at the COMESA Secretariat. In addition the Hub provided a document to the Secretariat summarizing issues related to the 2004 deadline for use by the Secretary General in its meetings at the AGOA Forum. The AGOA advisor conducted workshops with Kenyan handicraft producers/traders on selling goods to the United States and preparation for wider dissemination of this marketing

information to the handicraft industry throughout the region.

Planned activities and results for the forthcoming quarter.

The principle activity planned during the period is to establish an export strategy for leather goods and handicrafts.

C. Improving the Efficiency and Reducing the Cost of Trade -Related Transportation

The primary goal of “Transport Component” of the Hub is to assist the countries of the region to improve the efficiency of the major transportation corridors in east and central Africa, so as to reduce the cost of trade related transportation, thereby enhancing the region’s trade and economic competitiveness and contributing to economic growth and regional food security.

These goals are to be achieved through three major strategies:

- Developing transportation corridors in ECA to meet regional needs as well as future requirements so as to increase efficiency and reduce the cost of transportation of goods generally.
- Promoting integrated and seamless movement of goods and services through harmonization of technical and operational standards, documentation and procedures, and accelerated implementation of agreed regional facilitation measures.
- Developing and enhancing the role of the private sector in transport corridor management by increasing investors, transport operator, and economic partners’ interest in the investment, promotion, and use of transit transport corridors.

Planned activities and results under for quarter.

The approach adopted by the ECA Hub is implementation oriented. This is in recognition of the fact that, a lot of studies have been undertaken on the Northern Corridor over the years by various institutions, among them, UNCTAD, USAID, UNECA, COMESA and EAC. The ECA Hub seeks to add value to these efforts by adopting an “*Implementation Oriented Practical Approach*”, to assisting the TTCA address constraints inhibiting the efficient operation of the Northern Corridor.

This approach will be characterized by the following:

- Agreement with the TTCA Secretariat and other stakeholders as appropriate on the methodology and approach to be adopted prior to commencement of an activity.
- Conclusion of a Memorandum of Understanding (MOU) between the ECA Hub and the TTCA Secretariat or other beneficiaries on specific activities so as to be clear on each party’s obligations and responsibilities.

- Instituting a monitoring mechanism within each activity to measure impact and results.
- Determining from the on-set, measures that would make the activity sustainable in the long-term.

Actual Quarterly activities and results for the quarter.

In December 2002, the Hub signed an MOU with the Transit Transport Coordination Authority of the Northern Corridor on corridor efficiency, development of a database to track constraints on traffic flows, monitoring Corridor performance and disseminating Corridor information. The Regional Transport Advisor organized a joint road assessment trip on Northern Corridor undertaken by TTCA Secretariat and ECA Hub to assess conditions and consult with key stakeholders in Kenya, Uganda, Rwanda and Democratic Republic of Congo (DRC).

Planned activities and results for the forthcoming quarter.

The Regional Transport Advisor anticipates participating in the following meetings:

1. COMESA meetings for transport; and trade and customs to be held in Lusaka, Zambia on February 6-11 and February 17-19 respectively.
2. Consultative mission to Botswana, South Africa and Mozambique as well as participation in the Nacala Corridor Investors' Conference, February 12-16 and February 20-March 1, 2003.

It is proposed that for the leg of the trip to Mozambique (Maputo and Nacala), the Transportation Sector Advisor be accompanied by the Executive Secretary of the TTCA, Mr. Godfrey Onyango.

D. Project Management

The PMP is in the process of being written.

II. Proposal Activity

A. Proposals Won

- Bolivia Trade and Business Competitiveness

B. Proposals Lost

C. Proposals Not Submitted

None

III. Contract Quarterly Financial Report

This information is included in Annex A of the report.

IV. Technical Reports and Deliverables

- Eritrea Economic Growth, Food Security and Enterprise Development Assessment, TO#818, Final Report.
- Morocco Management Services in Agadir, TO #809, Final Report.

ANNEX A

General Business, Trade & Investment IQC Quarterly Financial Report

TASK ORDER NUMBER/NAME	AUTHORIZED EXPENDITURES (OBLIGATED)	ACTUAL EXPENDITURES THROUGH 12/31/02	BALANCE	ESTIMATED COMPLETION DATE	ACTUAL COMPLETION DATE	BALANCE IN DAYS (LOE)
TO #804 Egypt Presidents' Council	\$952,436.00	\$847,232.25	\$105,203.75	12/31/02	N/A	268
TO #03 Macedonian Business Resource Center	\$1,905,944.00	\$1,742,697.00	\$163,247.00	5/31/03	5/31/03	1188
TO #809 Activity Management Services in Agadir	\$1,656,868.00	\$1,491,941.00	\$164,927.00	7/14/02	7/14/02	114
TO #811 Ukraine Land Systems Initiative	\$14,300,000.00	\$4,823,105.00	\$9,476,895.00	9/30/03	N/A	11168 *estimated
TO #810 Guinea Revalidation of Mission's 7 year Strategic Plan	\$189,553.00	\$188,116.55	\$1,436.45	10/31/01	10/31/01	0
TO #813 Tanzania Tax and Mining Policy	\$1,629,987.00	\$848,494.00	\$781,493.00	7/08/03	N/A	589
TO #815 Moldova Financial Management Training and Advisory Activity (FMTAA)	\$2,212,579.00	\$ 793,630.00	\$ 1,418,949.00	08/12/03	N/A	1,526
TO #1 Office of Emerging Markets	\$50,000.00	\$0	\$50,000.00		9/30/99	N/A

TO #800 Guinea Ag Loan Guarantee	\$49,684.00	\$49,705.50	-\$21.50		7/30/99	N/A
TO #801 Guinea Ag II	\$77,336.87	\$74,427.12	\$2,909.75		9/17/99	N/A
TO#802 Ukraine Business Incubator	\$75,628.00	\$72,543.37	\$3,084.63		11/17/99	N/A
TO#806 Ukraine Alternative Fuels	\$65,290.00	\$62,054.78	\$3,235.22		4/30/00	N/A
TO#805 Nigeria Macroeconomic Policy	\$1,995,020.00	\$1,945,870.95	\$49,149.05		11/9/01	N/A
TO#812 Malawi Garment & Textile	\$63,246.00	\$59,739.62	\$3,506.38		9/30/01	N/A
TO#02 Global Technology Network	\$1,996,114.02	\$1,939,435.97	\$56,678.05		9/4/01	N/A
TO#817 Bangladesh Competitiveness Study	\$218,205.00	\$172,500.04	\$45,704.96		12/27/01	N/A
TO#04 Competitiveness Study	\$40,000.00	\$36,654.10	\$3,345.90		12/14/01	N/A

Task Order Number/Name	Authorized Expenditures	Actual Expenditures	Balance	Estimated Completion Date	Actual Completion Date	Balance In Days
TO #814 Technical Support for Procurement and Project Management and Private Sector Participation in Jordan	\$ 1,530,072.50	\$1,199,677.00	\$330,395.50	8/31/03	N/A	LOE will be reallocated pending finalization of current amendment
TO #816 Romania Environmental Management and Pollution Prevention Project	\$1,030,522.00	\$670,838.08	\$359,683.92	07/31/03	N/A	336
TO #818 Eritrea Economic Growth and Food Security Sector Assessment	\$198,584.00	\$59,504.99	\$139,079.01	N/A	N/A	0
TO #819 East and Central Africa Global Competitiveness Hub	\$1,499,933.00	\$ 316,414.02	\$ 1,183,518.98	9/16/03	N/A	662.49